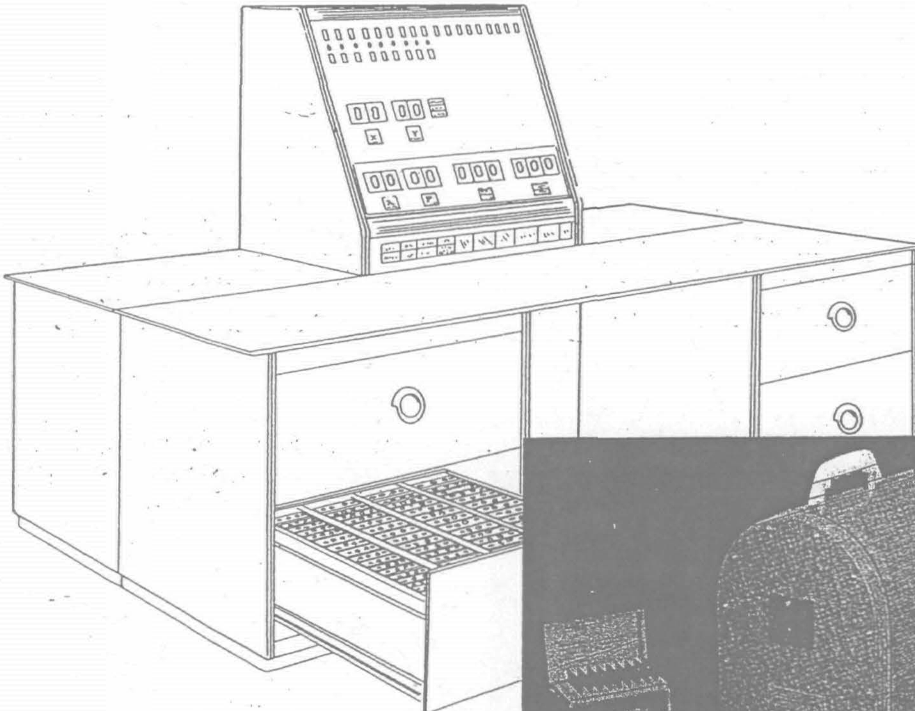
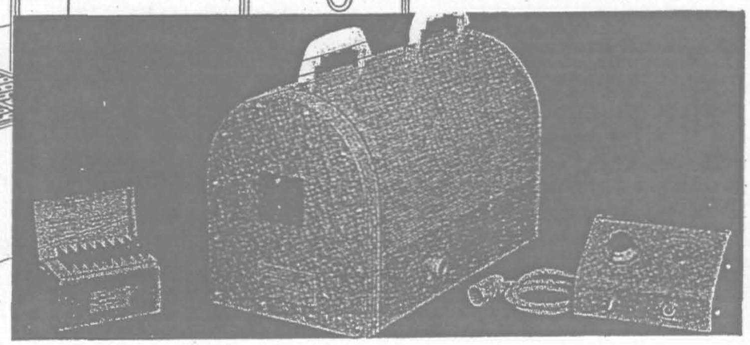
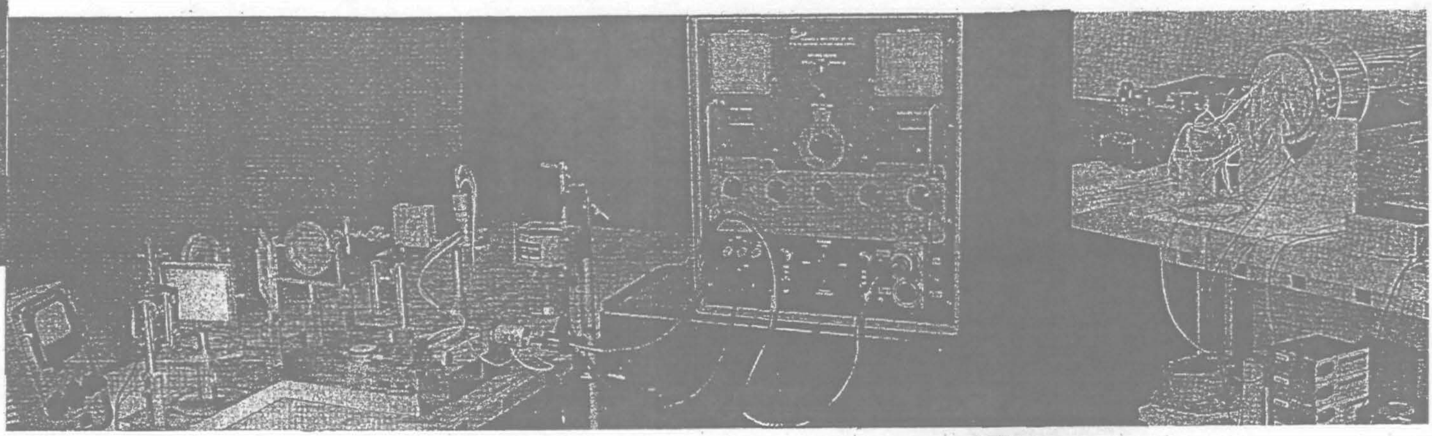
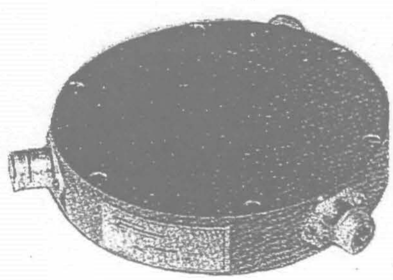


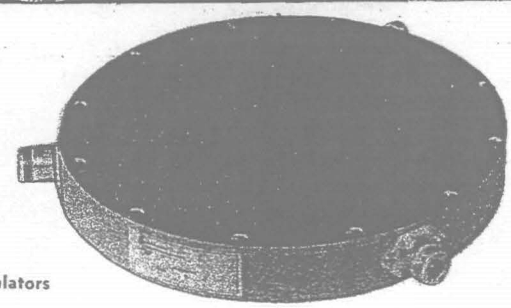


Model 55A

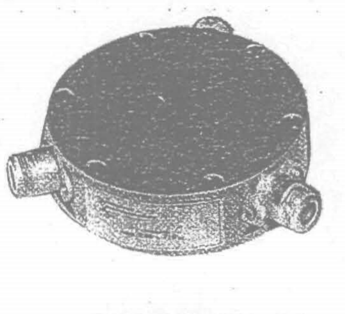
Thermal Radiation Standard

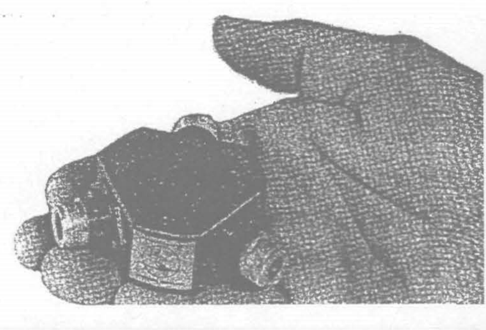


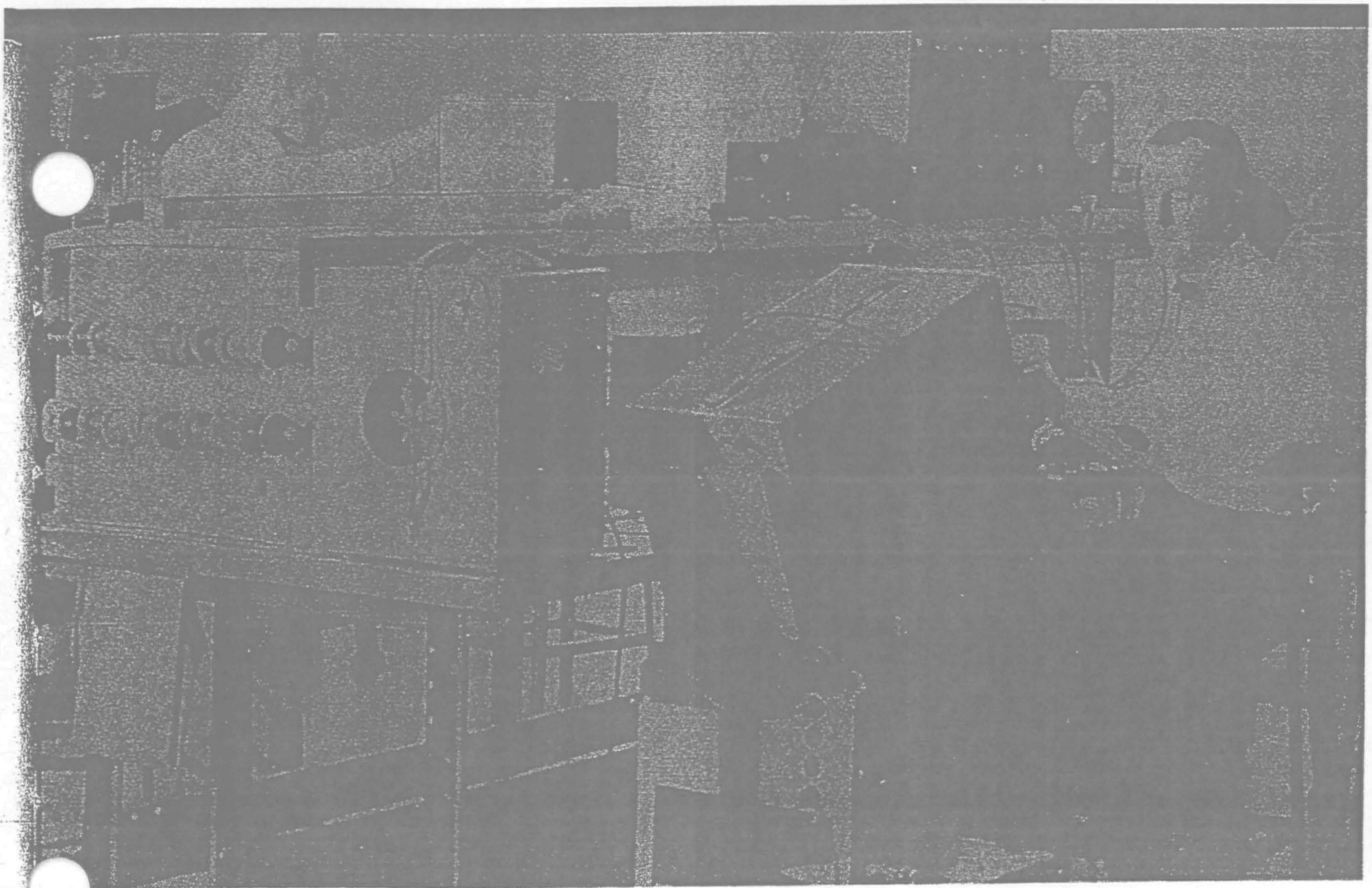


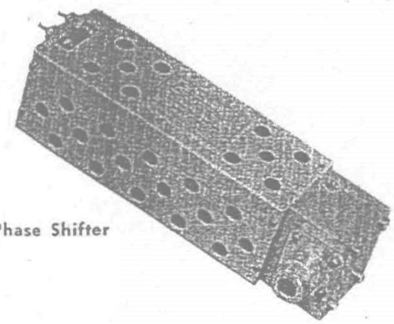


Y-Circulators

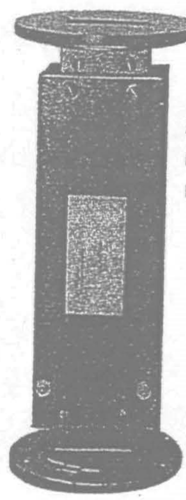






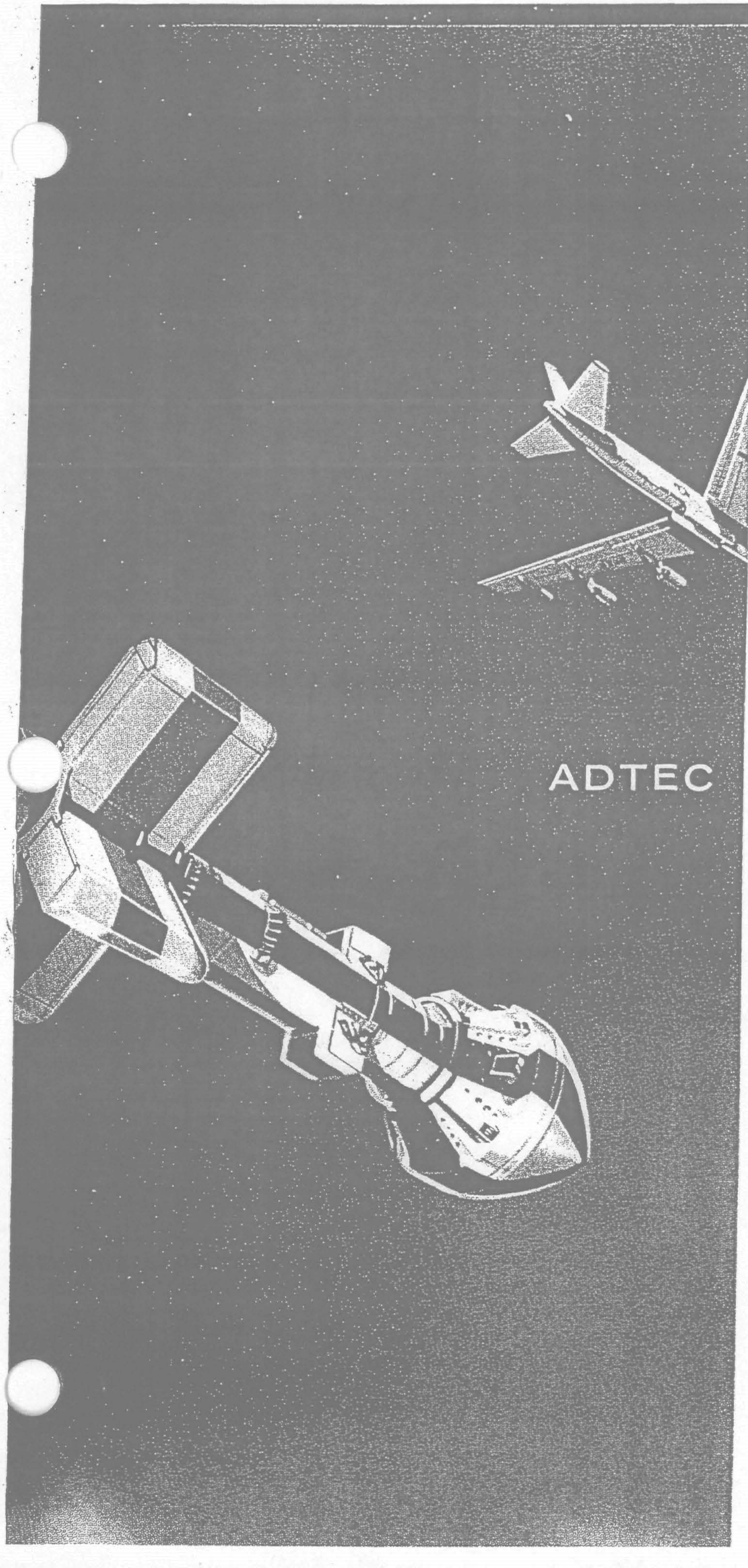


Model C-102 Ferrite Phase Shifter



Model C-101 Ferrite Phase Shifter

Specific capabilities of this highly trained group pertain to *microwave devices, antennas, electronic circuits,* and *infrared* research. Related experience of particular value to present military technology involves *electronic countermeasures, communications, radar, mine detection,* and related specialties. Recent accomplishments have included creation of unique *infrared devices, ferrite phase shifters, circulators* and *isolators.* Current programs and projects are in such areas as *facsimile, land mine detection, secure communications, heavy radar, electronically steerable array antennas,* and *electronic countermeasures.*



"... the ultimate in creativity and performance." This is Advanced Technology Corporation, with outstanding capabilities in the fields of operations analysis, weapons systems conceptual research, space technology, and special weapon equipment development.

The experience of ADTEC's uniquely qualified scientists and engineers spans the score of years of modern missile and space developments, from the German V-1 and V-2 missiles and including present day satellite and space vehicle programs. With an average of more than 15 years per scientist and engineer, ADTEC experience includes

ADVANCE

DR. FRANKLIN LOWANCE
President

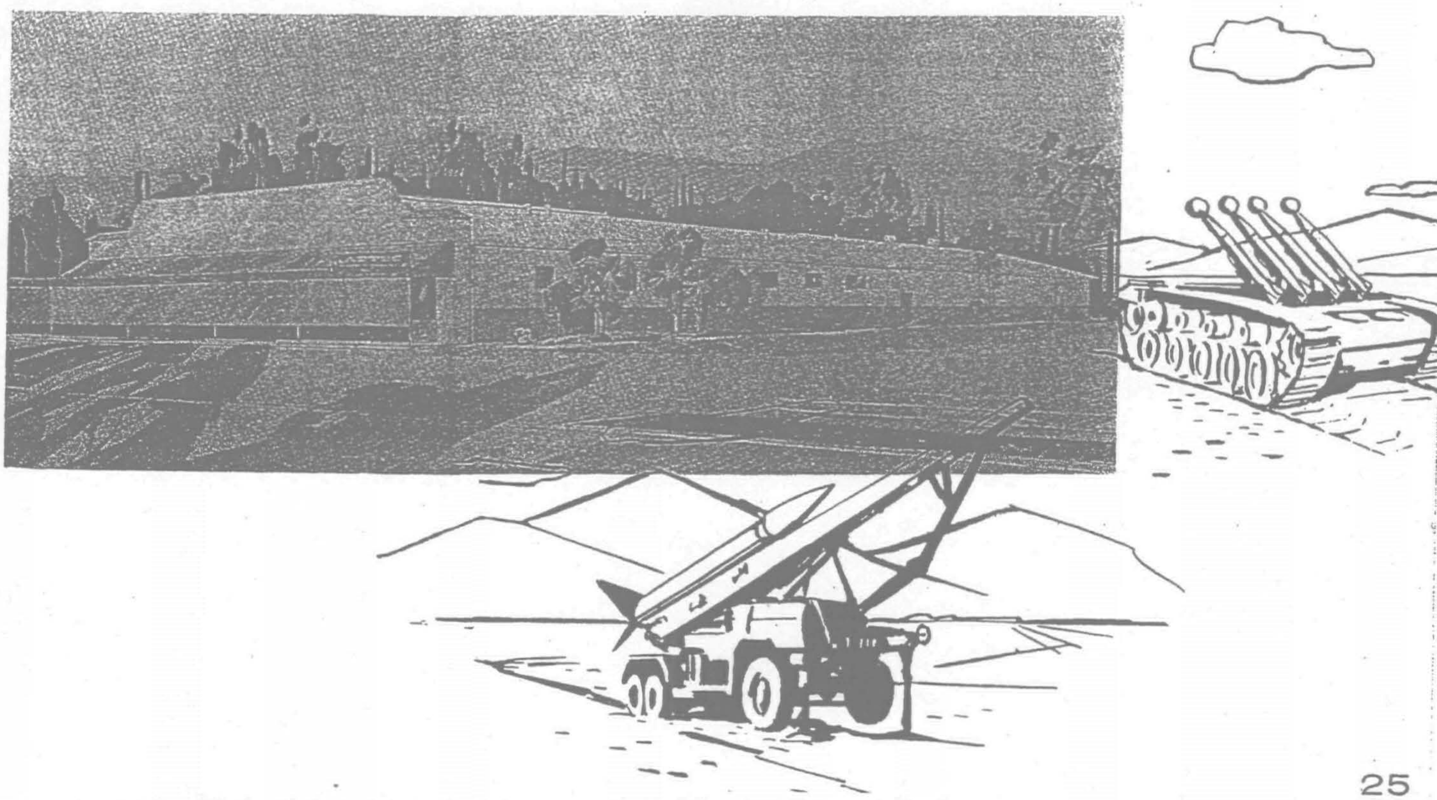
key participation in the "World Series" scientific satellite project, the ARPA 24-Hour Communication Satellite, studies and analysis for the "Dyna Soar" program, system studies for a lunar observatory, hypervelocity research vehicles, an anti-tank guided weapon system, and simplified missile propulsion, guidance and control systems.

Located in the heart of the highly favorable technical environment provided by the West Coast's concentration of missile, space and military activities, ADTEC is in position to provide its unique qualifications and capabilities to both major industrial prime contractors and Government agencies.

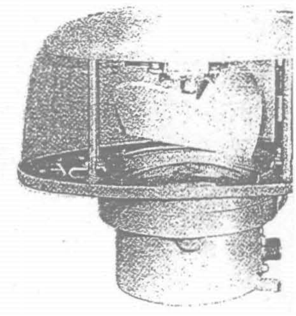
Streamlined and flexible, ADTEC is currently engaged in programs involving unique approaches to weapon delivery, missile intercept problems, basic system analysis for new weapons, and techniques applicable to satellite communications and recovery problems. In its present and in its future, ADTEC is prepared to devote maximum effort to improvement of design without added complexity, ever increasing accuracy and reliability, and to vastly improved sensing devices and controls for both power and guidance in space and weapons system developments. ADTEC is truly geared to the future in science and our Nation's defense.

...CHNOLOGY CORPORATION

Santa Barbara, California



AIR ASSOCIATES, INC.



"Service to guide, integrate and promote the Aviation Industry"

With a history which began in the year of Lindbergh's flight, Air Associates, Inc. rapidly outgrew its New York City location and a succession of facilities at Roosevelt Field, L.I., Orange and Teterboro, New Jersey.

From its initial role of providing for the specialized needs of a young but rapidly expanding aircraft industry, Air Associates has grown until today it is the world's largest and oldest source of aviation supplies, with an inventory which includes some 13,000 separate items ranging from nuts and bolts to tires, propellers, radio and navigation equipment. It continues to be best

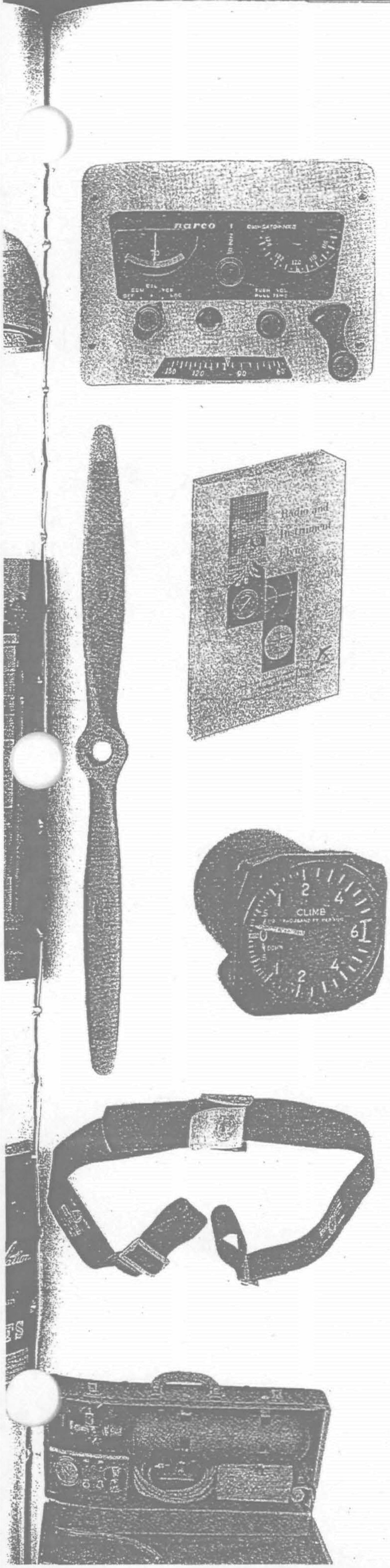
Home Offices, Teterboro, New Jersey

known to millions of air travelers by the hundreds of thousands of distinctive aircraft seat belts sold to virtually every airline and commercial aircraft manufacturer.

With Headquarters in Teterboro, New Jersey, Air Associates/Standard Products maintain sales offices and warehouses in Atlanta, Chicago, Columbus, Dallas, Denver, East Wilton (Mass.), Glendale (Cal.), Kansas City (Kan.), Miami, San Francisco, Seattle, Tulsa, and Wichita.

The Company's future is as limitless as the aviation horizon itself. But growth and achievement notwithstanding, the challenge and the promise laid down in 1927 remain the same today and for the future: "Service to Guide, Integrate and Promote the Aviation Industry."

C. A. SERENO,
President



STANDARD PRODUCTS, INC.

Established in 1949, Standard Products, Inc. has expanded and diversified, exerting a strong influence in the aviation supply market throughout the entire Mid-Continent region. It was only natural that, in their similar roles, Air Associates, Inc. and Standard Products, Inc. would seek the mutual benefits and economies of joint operation, and early in 1959 this was made possible by bringing Standard Products into the ECI family.

Remanufacture of aircraft instruments and controls.

Supplying aircraft production parts to airframe manufacturers is one important phase of Standard Products' operations. A capability of at least equal importance results from its complete, FAA-approved Instrument and Accessory shops, with skilled personnel and equipment required to overhaul, modify and remanufacture flight instruments and aircraft engine accessories. In addition, these same shops are capable of repairing, calibrating and certifying many types of industrial instruments and test equipment. Production Products, Inc., wholly owned by Standard Products, Inc., represents still another vital phase of operations through the specialized manufacture of stamped metal parts and screw machine parts for aircraft.

FACSIMILE DIVISION

"The Visual Transmission System that can't make mistakes"

In this age of ever increasing branch operations, with the business of industry, government and commerce transacted at many widely separated locations, there is a corresponding requirement for the fastest possible interchange of vital letters, documents, blue prints, specifications, and other business communications. A division in St. Louis or San Francisco may have a desperate need for a complex document which at the moment is to be found only in New York or Chicago. The mails are too slow. The telephone can provide information *about* the document, but not the document itself, nor an exact copy. The telegraph can convey written information only, with the same risks of error. The only real answer to this modern day problem is *facsimile copy transmission.*

Here ECI has still another unique and vitally important product in the *Electronic Messenger* which can *both send and receive* exact duplicates of any written or graphic material, over any distance, in minutes. Simple to operate and extremely versatile, the *Electronic Messenger* will accommodate copy up to 8.5 x 14 inches in size, and can operate by direct inter-plant hook-up, telephone or telephoto circuit, subcarrier FM or frequency shift radio, or voice channel microwave link.

The *Electronic Messenger* is employed by an ever widening variety of users, including railroads, airlines, aircraft manufacturers, military and government agencies, newspapers, department store chains, oil companies, automobile manufacturers, banks, police departments, and by many other highly satisfied customers. Where "time is money," the *Electronic Messenger* soon pays for itself many times over, and is rapidly becoming known as "the visual transmision system that can't make mistakes."

Electronic Messenger

ARTHUR ANDERSEN & CO.
ACCOUNTANTS AND AUDITORS

THE WILLIAM-OLIVER BUILDING
ATLANTA 3

To the Stockholders and Board of Directors of

Electronic Communications, Inc.:

We have examined the consolidated balance sheet of Electronic Communications, Inc. (a New Jersey corporation) and subsidiaries as of September 30, 1960, and the related statements of consolidated income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of Electronic Communications, Inc. and subsidiaries as of September 30, 1960, and the result of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Andersen & Co.

Atlanta, Georgia
November 11, 1960

ELECTRONIC COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BA

ASSETS

	SEPTEMBER 30 1960	1959
CURRENT ASSETS:		
Cash	$ 848,795	$ 2,843,110
Trade accounts reçeivable, less reserve	1,299,921	1,169,158
Amounts receivable under defense contracts (Note 1)	3,826,857	3,765,154
Claim for refund of Federal income taxes (Note 2)	250,000	-------
Inventories, at the lower of cost (first-in, first-out basis) or market —		
Aircraft supplies, parts and accessories	2,148,373	2,038,263
Work in process, less progress payments (Note 1)	2,334,907	3,896,732
Prepaid insurance, taxes, etc.	191,415	130,932
TOTAL CURRENT ASSETS	$10,900,268	$13,843,349
OTHER ASSETS:		
Deferred development and moving expenses (Note 2)	$ 157,385	$ 354,350
Deferred charges, sundry accounts receivable, etc.	257,934	88,614
	$ 415,319	$ 442,964
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Land, buildings, machinery and equipment	$ 4,043,209	$ 2,723,617
Less — Reserve for depreciation	1,178,732	1,002,459
	$ 2,864,477	$ 1,721,158
	$14,180,064	$16,007,471

The accompanying

NCE SHEETS

LIABILITIES

	SEPTEMBER 30 1960	1959
CURRENT LIABILITIES:		
Notes payable ($4,500,000 due to banks December 30, 1960, under Restated V-Loan Agreement – Note 1)	$ 4,699,750	$ 2,626,151
Accounts payable	1,160,355	2,412,897
Provision for price redetermination of defense contracts (Note 4)	700,000	2,800,000
Provision for income taxes	-------	804,715
Accrued salaries, wages, taxes, interest, etc.	314,644	323,561
Installments on long-term debt due within one year	46,063	31,737
TOTAL CURRENT LIABILITIES	$ 6,920,812	$ 8,999,061
LONG-TERM DEBT:		
First mortgage ($955,633 at September 30, 1960) and promissory notes, payable in installments to 1975, less amounts due within one year	$ 973,955	$ 115,732
CAPITAL STOCK AND SURPLUS:		
6% cumulative convertible preferred stock, par, liquidation, and redemption values $10.00 per share (each share convertible into one and one-half common shares) – Authorized 200,000 shares Issued and outstanding 42,248 shares in 1960	$ 422,480	$ 442,900
Common stock, par value $1.00 per share – Authorized 1,000,000 shares Issued and outstanding (after deducting 6,115 shares in treasury) – 597,209 shares in 1960 (Note 3)	597,209	590,076
Capital surplus	3,334,927	3,295,944
Earned surplus (Note 1)	1,930,681	2,563,758
	$ 6,285,297	$ 6,892,678
	$14,180,064	$16,007,471

...ng financial statements are an integral part of these balance sheets.

STATEMENTS OF CONSOLIDATED INCOME

	Year Ended September 30	
	1960	1959
NET SALES:		
Electronic (research, development and equipment)	$14,443,202	$21,458,991
Aircraft supplies and other equipment	9,687,359	11,312,839
Net sales	$24,130,561	$32,771,830
COSTS AND EXPENSES:		
Manufacturing costs, selling and administrative expenses (including depreciation of $223,142 in 1960 and $150,295 in 1959)	$24,986,993	$30,773,377
Interest expense	251,906	295,406
Other income, net	(45,827)	(58,558)
	$25,193,072	$31,010,225
Income (loss) before income taxes	$(1,062,511)	$ 1,761,605
INCOME TAX PROVISION (CREDIT)–Note 2	(455,000)	906,466
Net income (loss)	$ (607,511)	$ 855,139

STATEMENTS OF CONSOLIDATED SURPLUS

	Year Ended September 30	
	1960	1959
CAPITAL SURPLUS		
Balance at beginning of the year	$ 3,295,944	$ 1,635,589
Add –		
Excess of proceeds (net of $184,332 of expenses) from sale of 100,000 shares of common stock over par value thereof	-------	1,590,668
Excess of par value of 6% cumulative convertible preferred stock over par value of common stock issued on conversion (2,042 shares in 1960 and 14,977 shares in 1959)	17,359	130,284
Amount by which option price exceeded par value of common stock sold under employee stock options (4,072 shares in 1960 and 12,459 shares in 1959) – Note 3	21,624	96,630
Excess of quoted market value over par value of 1,000 common shares issued upon acquisition of subsidiary	-------	39,000
Deduct –		
Transfer to common stock account on distribution of 196,227 shares of common stock to the common stockholders on a basis of one additional share for each two shares held of record on July 31, 1959	-------	(196,227)
Balance at end of the year	$ 3,334,927	$ 3,295,944
EARNED SURPLUS		
Balance at beginning of the year	$ 2,563,758	$ 1,854,615
Net income (loss)	(607,511)	855,139
Cash dividends on 6% cumulative preferred stock (1959 includes all dividends accumulated to October 1, 1959)	(25,566)	(145,996)
Balance at end of the year (Note 1)	$ 1,930,681	$ 2,563,758

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 1960

1. **RESTATED V-LOAN AGREEMENT AND COLLATERAL:** Receivables under defense contracts aggregating $2,656,312 were assigned as security for the bank loans (70% of the loans are guaranteed by the Department of the Air Force) under the Restated V-Loan Agreement. In addition, unfilled defense contracts totaling $8,963,076 were assigned as security for the loans. The inventories in process at September 30, 1960, were acquired or produced principally for such assigned contracts. At September 30, 1960, net current assets, as defined in the Agreement, amounted to $3,979,456, as compared to a minimum requirement under the Agreement of $3,000,000.

The Agreement provides that, except with the prior consent of the lenders, the Company shall not pay dividends on its common stock, except stock dividends, or reacquire any of its capital stock.

The Company is negotiating renewal of the Restated V-Loan Agreement for the year 1961.

2. **DEFERRED DEVELOPMENT AND MOVING EXPENSES:** Development and moving expenses (to be amortized through 1962) were deducted for income tax purposes in the year in which they were incurred, and the tax reduction has been applied to reduce these expenses in the accompanying balance sheet.

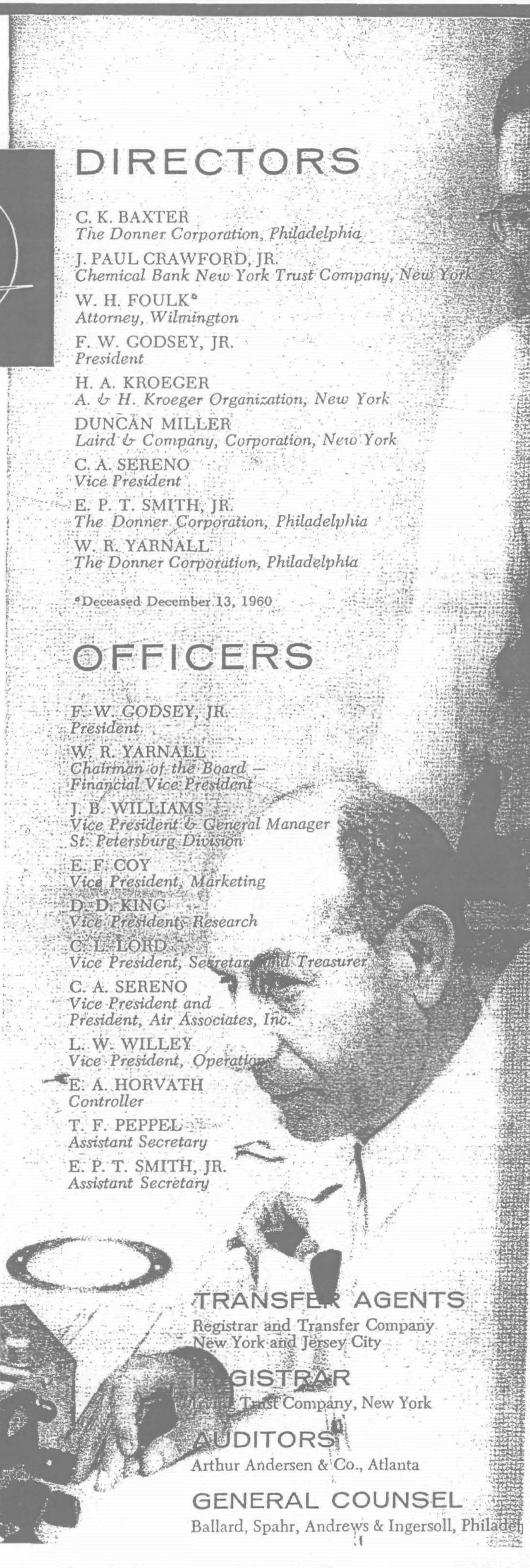
The amortization of these expenses in fiscal 1960 of $410,000 has been reduced by the tax benefit of about $205,000 which was obtained in prior years. The $250,000 remainder of the income tax credit of $455,000 in the accompanying statement of income represents a claim for refund of income taxes arising from carryback of the 1960 operating loss for Federal income tax purposes

3. **STOCK OPTIONS:** The stockholders have approved certain stock options whereby 54,759 shares of common stock may be sold to selected executives and key employees at 85% of the fair market value of the shares at date of grant. The options are exercisable in three annual installments on a cumulative basis.

During the year ended September 30, 1960, options for 18,050 shares were granted and options for 1,576 shares were canceled. Options for 4,072 shares were exercised during the year at varying prices for amounts aggregating $25,696. At September 30, 1960, options were outstanding with respect to 53,203 shares at varying prices for amounts aggregating $912,513.

4. **CONTINGENT LIABILITIES:** A substantial portion of the sales for the two years ended September 30, 1960, are subject to price redetermination and statutory renegotiation. The amounts which may be required to be refunded in future price redetermination cannot be determined at this time, but it is the opinion of management that future price redetermination and renegotiation proceedings will have no material adverse effect on the accompanying financial statements.

5. **METHOD OF PROFIT ACCRUAL:** Profits are recorded on defense contracts, prior to completion thereof, where, in the opinion of management, such profits can be reasonably estimated after taking into consideration the stage of contract completion and estimated final costs and prices.



DIRECTORS

C. K. BAXTER
The Donner Corporation, Philadelphia

J. PAUL CRAWFORD, JR.
Chemical Bank New York Trust Company, New York

W. H. FOULK*
Attorney, Wilmington

F. W. GODSEY, JR.
President

H. A. KROEGER
A. & H. Kroeger Organization, New York

DUNCAN MILLER
Laird & Company, Corporation, New York

C. A. SERENO
Vice President

E. P. T. SMITH, JR.
The Donner Corporation, Philadelphia

W. R. YARNALL
The Donner Corporation, Philadelphia

*Deceased December 13, 1960

OFFICERS

F. W. GODSEY, JR.
President

W. R. YARNALL
Chairman of the Board — Financial Vice President

J. B. WILLIAMS
Vice President & General Manager St. Petersburg Division

E. F. COY
Vice President, Marketing

D. D. KING
Vice President, Research

C. L. LORD
Vice President, Secretary and Treasurer

C. A. SERENO
Vice President and President, Air Associates, Inc.

L. W. WILLEY
Vice President, Operations

E. A. HORVATH
Controller

T. F. PEPPEL
Assistant Secretary

E. P. T. SMITH, JR.
Assistant Secretary

TRANSFER AGENTS

Registrar and Transfer Company
New York and Jersey City

REGISTRAR

Irving Trust Company, New York

AUDITORS

Arthur Andersen & Co., Atlanta

GENERAL COUNSEL

Ballard, Spahr, Andrews & Ingersoll, Philadelphia

Nov. 30 (in $): Net Income	No. of Shares	Earn. on Com.
320,282	96,330	3.32
361,344	96,255	3.75
27	95,646	2.86
3	95,646	2.58
	95,657	2.58
	95,457	2.09
	95,457	2.00
	95,457	2.16
	95,457	2.69
224,095	94,457	2.38

of Nov. 30:	1958	1957
	$690,410	$479,446
		248,063
	250,536	277,105
	359,982	363,093
	23,416	21,563
	$1,324,344	$1,389,270
	944,538	958,451
	455,981	424,858
	488,557	533,593
	1,179,157	968,110
	60,805	60,805
	$3,052,863	$2,951,778
	$92,951	$113,565
	81,881	96,275
	91,524	90,988
	234,536	336,524
	91,876	59,406
	104,224	40,308
	$696,992	$737,066
		55,000
	575,000	575,000
	[1]148,516	93,516
	1,771,703	1,632,592
	2,495,219	2,301,108
	139,348	141,396
	2,355,871	2,159,712
	$3,052,863	$2,951,778
	$627,352	$652,204
	$24.46	$22.44

0 from conting. res.
, 18,670; 1957, 18,745.
instal. receiv. on leases
$5,189,918; 1957, $4,812,427.
trical Products Consoli-

0 shares; outstanding,
ry, 18,670 shares; par $5.
r years)—

00	1936	$1.00
0	1942–44	0.90
0	1947	1.00
	1950–51	1.50
	1955	1.65
	[1]1959	0.85

AND REGISTRAR—Peo-
Seattle, Wash.
ING AGENT—Company.

	1958	1957	1956	1955	1954
	27½	29¼	27½	23¾	
	26½	27	24	21¼	

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; H. E. Burke, D. H.
e-Pres.; V. E. Fletcher,
M. J. Dufur, Asst. Sec.;
Treas.
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n, N. Y.; C. E. Shields,
ajor Gen. A. Thomas
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Mar. 31, 1957, 1,275.
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	1958	1957
	$2,053,000	$3,380,000

rs ended Mar. 31:

	1958	1957
	$4,534,398	$4,436,153
	3,593,039	3,220,539
	677,662	598,895
	61,044	52,847
	202,653	563,872
	8,628	10,766
	211,281	574,638
	17,514	21,630
	15,721	75,636
	69,000	222,146
	dr 35,000	
	74,047	255,226
	8,758	699,249
	17	35,717
	37	918,758

Mar. 31 (in $):	No. of Shares	Earn. on Com.
047	357,173	0.21
226	357,173	0.71
027	325,508	0.28

	Net Sales	Net Profit	No. of Shares	Earn. on Com.
1955	4,407,946	d 145,202	317,031	d 0.46
1954	6,520,734	23,369	315,364	0.07
1953	10,730,363	246,206	302,760	0.82
1952	6,594,853	219,974	296,400	0.74
1951	3,462,603	170,122	285,000	0.60
1950	2,366,303	147,070	285,000	0.52
1949	1,435,351	25,889	285,000	0.09

Balance Sheet, as of Mar. 31:

Assets:	1958	1957
Cash	$336,115	$265,567
Accts. receivable	722,565	581,578
[1]Inventories	928,057	963,263
Prepayments	20,861	29,291
Total current	$2,007,597	$1,839,799
Land, bldgs., etc.	852,307	814,240
Depreciation	430,029	451,394
Net property	422,278	362,846
Goodwill, etc.	1	1
Life ins., cash val.	13,775	12,563
Total	$2,443,651	$2,215,211
Liabilities:		
Accts. pay., etc.	$333,632	$494,998
Notes payable	500,000	
Fed. income taxes	73,477	222,000
Total current	$907,108	$716,998
Common stk. ($1)	357,173	357,173
Capital surplus	222,283	222,283
Retained earnings	957,087	918,758
Total	$2,443,651	$2,215,211
Net current assets	$1,100,489	$1,122,801
Net tang. com. sh.	$4.30	$4.19

[1]Lower of cost (mostly fifo) or mkt.

Capital Stock: I. Electrol Incorporated common; par $1:

AUTHORIZED—600,000 shares; outstanding, Mar. 31, 1958, 357,173 shares; reserved for options, 60,000 shares; par $1.

DIVIDENDS—(Calendar years):

1948	$0.10	1949	nil	1950	$0.10
1951	0.20	[1]1952	0.30	[1]1953	0.20
1954–55	nil	1956	[2]—	1957	0.20
1958	0.10				

[1]Also paid 4% stock dividend.
[2]5% in stock.

PREEMPTIVE RIGHTS — Has preemptive rights.

PRICE RANGE—	1958	1957	1956	1955	1954
High	2⅞	4⅝	4⅛	4⅞	5⅛
Low	2¼	2⅜	3	2¾	2⅜

Transfer Agent: Corporation Trust Co., Jersey City, N. J. and New York.

Registrar: Commercial Trust Co. of New Jersey, Jersey City, N. J.

Dividend Disbursing Agent: Corporation Trust Co., New York.

Voting Trust: An unspecified number of common shares are held under a voting trust agreement. No details reported.

Stock Options: Outstanding, Mar. 31, 1958, options held by employees on 49,000 shares at $3.50 per share. Options expire July 19, 1960.

ELECTRONIC COMMUNICATIONS, INC.

History: Incorporated under the laws of New Jersey, May 27, 1940, as Air Associates, Inc. Represented merger and consolidation with former parent company of same name, incorporated in New York July 1, 1927; present name adopted Apr. 30, 1957.

On May 1, 1950, acquired Snyder Aircraft Corp., Chicago, now operated as a branch.

In Sept., 1953 purchased Aviation Supply Corp. at Atlanta, Ga. Municipal Airport now operated as a branch.

In 1959, acquired Standard Products, Inc.

Business: Company's operations are carried on by following operating divisions:

Manufacturing Division: Manufactures, at St. Petersburg, Fla.; various precision products, including electric motors, actuators, hydraulic and pneumatic equipment, etc., which are supplied to Government and principal aircraft manufacturers and fabricates electronic controls, communication receivers and transmitters, including ultra-high-frequency units, under military and commercial contracts, also makes facsimile communication equipment.

Air Associates Division: Through branch offices and warehouses, handles merchandising and distribution of aviation supplies and materials, selling to airlines, airport operators, aircraft manufacturers and overhaul operations.

Engineering Division: Designs electronic and electro-mechanical equipment at St. Petersburg, Fla.

Research Division: Engaged in electronic research at Baltimore.

Property: Company owns 47,00 0sq. ft. plant and leases 86,000 sq. ft. in St. Petersburg, Fla.

Research division has leased plant of 20,000 sq. ft. at Timonium (near Baltimore), Md.

Branch offices and warehouses owned near Municipal Airport in Chicago, and in leased premises at International Airport, Miami, Fla., at Love Field, Dallas, Tex., at Grand Central Airport, Glendale, Cal., at Atlanta Municipal Airport, Ga., at San Francisco Municipal Airport, at Teterboro, N. J. and at Cleveland, O.

1959

Subsidiary: Standard Products, Inc. (wholly-owned).

Officers: F. W. Godsey, Jr., Pres.; W. R. Yarnall, Fin. Vice-Pres. and Chmn. Exec. Comm.; C. A. Sereno, Exec. Vice-Pres.; E. F. Coy, L. W. Willey, F. A. Twomey, D. D. Treas.; S. S. Kromberg, Sec. and Contr.; T. F. Peppel, E. P. T. Smith, Jr., Asst. Sec.

Directors: C. K. Baxter, W. H. Foulk, H. A. Kroeger, W. R. Yarnall, J. P. Crawford, Jr., C. A. Sereno, E. P. T. Smith, Jr.

Counsel: Cahill, Gordon, Reindel & Ohl, New York.

Auditors: Arthur Andersen & Co.

Annual Meeting: Last Thursday in January.

No. of Stckholders: Dec. 16, 1958: Preferred, 372; common, 488.

No. of Employees: Sept. 30, 1958, 1,400.

Office: St. Petersburg, Florida.

Unfilled Orders:

	1958	1957
As of Sept. 30	$17,075,000	$21,844,649

Income Account, years ended Sept. 30 (SEC report):

	1958	1957
Sales	$21,191,882	$16,980,451
Cost & expenses	20,351,970	16,170,527
[1]Net earnings	839,912	809,924
Interest	379,610	245,890
Other deduct., net	cr 15,116	48,723
Fed. income tax	225,000	270,000
Net income	250,418	245,311
[2]Special item	cr 317,891	
Balance	568,309	245,311
Prev. earn. surp.	1,164,880	919,569
Earn. surplus, 9-30	1,733,189	1,164,880
Earn. pfd. share	[3]$4.26	$4.03
No. of pfd. shares	58,816	60,891

[1]After deprec.: 1958, $121,777; 1957, $118,310.
[2]Before special item.
[3]Net prof. on dispos. of bldgs., etc.

Sales and Earnings, yrs. to Sept. 30 (in $):

	Net Sales	Net Income	No. of Shares	Earn. on Com.
1958	21,191,882	250,418	238,908	[1]0.90
1957	16,980,451	245,311	236,733	[1]0.88
1956	14,237,111	95,986	235,933	[1]0.25
1955	12,587,052	54,051	235,033	[1]0.07
1954	18,233,740	344,311	235,033	[1]1.31
1953	19,034,877	141,659	234,522	[1]0.44
1952	16,244,452	46,695	234,522	0.03
1951	11,494,502	83,971	139,297	0.45
1950	6,113,201	18,014	127,567	0.14
1949	6,608,276	29,159	127,309	0.23

[1]Disregarding preferred arrears.

Balance Sheet, as of Sept. 30:

Assets:	[4]1958	1957
Cash	$1,230,600	$649,172
Receivables, net	4,399,303	2,738,024
[1]Inventories	5,418,408	6,077,377
Prepayments	142,132	202,744
Total current	$11,190,443	$9,667,317
Land, bldgs., etc.	1,991,652	2,268,526
Depreciation	800,491	1,043,857
Net property	1,191,161	1,224,669
Other assets	37,116	124,512
[3]Deferred charges	542,444	591,228
Total	$12,961,164	$11,607,726
Liabilities:		
Accounts payable	$1,711,612	$2,113,586
Notes payable	6,100,000	4,900,000
Accrued tax, etc.	484,737	374,410
Fed. inc. tax res.	391,263	
Debt due	15,234	21,317
Total current	$8,702,846	$7,409,313
Notes, etc., pay.	82,467	592,071
6% pfd. stk. ($10)	588,160	608,910
Common stk. ($1)	238,908	236,733
Earned surplus	1,733,189	1,164,880
Capital surplus	1,615,594	1,595,819
Total	$12,961,164	$11,607,726
Net current assets	$2,487,597	$2,258,004
[2]Net tg. com. sh.	$14.50	$12.28

[1]Lower of cost or mkt. [2]After allow. for pfd. arrears. [3]Incl. defd. devel. exp.: 1958, $300,779; 1957, $359,661. [4]From SEC report.

Note: Pfd. div. arrears, Sept. 30, 1958, $123,514, or $2.10 per sh.

V-Loan: Outstanding, Nov. 30, 1958, $4,900,000, under V-loan agreement dated June 28, 1951, as amended, which provides for revolving credit of $7,000,000 to Dec. 31, 1959, evidenced by promissory notes with interest at 5%. Loan is 75% guaranteed by Air Force. Company agrees to maintain net current assets of at least $3,000,000. Except with consent of lenders, company may not pay cash dividends or reacquire any stock.

Term Loans: Outstanding, Sept. 30, 1958, $47,701 evidenced by 4¼% first mortgage note due quarterly to 1959; a 4% promissory note payable annually to 1965, and a 5½% first mortgage note payable monthly to July, 1966.

Capital Stock: 1. **Electronic Communications, Inc. 6% cumulative convertible preferred; par $10:**

AUTHORIZED—200,000 shares; outstanding, Nov. 30, 1958, 58,601 shares; par $10.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of 60 cents per share annually payable quarterly Jan. 15, etc., to stock of record about Jan. 2, etc.

DIVIDEND RESTRICTION—See V-loan above.

DIVIDEND RECORD—Initial div cents paid Oct. 15, 1951; 1952, 60 none; 1954, 45 cents; 1955, 90 cents

Arrears July 15, 1958, $2.10 per

VOTING RIGHTS—Has no votin cept as provided by law.

LIQUIDATION RIGHTS—In any entitled to $10 per share and divi

PREEMPTIVE RIGHTS—None.

CONVERTIBLE—Into common a share for share, with no adjustm dends. Conversion rights subjec ment in certain events.

CALLABLE—As a whole, or in pa $10 per share and dividends at a close of business on day precedi tion) on at least 60 days' mailed n

ISSUED—(138,812 shares) on Aug a stock dividend to common share for share.

PRICE RANGE—	1958	1957	1956
High	31½	12	13¼
Low	12½	8¼	9

2. **Electronic Communications, common; par $1:**

AUTHORIZED—1,000,000 shares; o Nov. 30, 1958, 339,372 shares; in tr 397 shares; reserved for conversi ferred (No. 1) 58,601 shares; par $1

At Sept. 30, 1958, Donner Corp. 684 shares (76.5%).

VOTING RIGHTS—Has full voting

PREEMPTIVE RIGHTS—None.

DIVIDENDS—(calendar years):

1937	$0.50	1938	$0.47½	193
1940	0.75	1941	0.37½	194
1943–46	1.00	1947	0.10	194
1950	0.10	1951	[1]0.30	195
1953–58	nil			

[1]Also one share of 6% preferre each share held.

Dividends payable quarterly, M to stock of record about Feb. 29, e

DIVIDEND RESTRICTION — S above.

OFFERED—(25,000 common shares per share in May, 1937, by Robins & Co., Inc., and Cohu Brothers, Ne (20,000 shares) at $9.50 per shar 30, 1951 by Bioren & Co. and Stro Inc., both in Philadelphia, Pa.

(100,000 shares) at $18.75 per share to company, $17.25 a share) on No by Laird & Co., Corp., Wilmin associates.

LISTED—On American Stock Exch

PRICE RANGE—	1958	1957	1956
High	32½	12⅞	13½
Low	10	8	9

Transfer Agent: Registrar & Tra New York, and Jersey City, N. J.

Registrar: Irving Trust Co., New

Dividend Disbursing Agent: Com

Stock Options: Outstanding, Nov option held by F. W. Godsey, Jr., on 15,000 common shares at $8.61 pe

Also options held by certain exec key employees on 12,268 shares from $94.40 to $9.72 per share.

EMERSON ELECTRIC MANUFACTURING CO.

History: Incorporated under Miss Sept. 24, 1890.

In Apr. 1957 company acquired Pry Inc.

On Nov. 1, 1958, Emerson-Wester subsidiary, purchased physical asset versal Electric Corp. at Colorado Sp 30,000 common shares.

On Dec. 31, 1958, company acquired Lighting Products Co. and Loyalha both of Latrobe, Pa. for 27,500 shares; now operated as Emerson Lighting Co.

Business: Company's peace-time o fall into seven classes: (1) manufactu types of electric motors ranging f H.P. to 20 H.P., used for operating refrigerators, washing machines, graphs, ironers, oil burners, air-con units, etc.; (2) manufacture of a wid of electric fans for both alternating rect current; (3) manufacture of al current arc welders for industrial a mercial service; (4) manufacture o of power tools for use in homes a workshops; (5) manufacture of elect ers; (6) marketing of room air cond (7) engineering research, experimen and production of aircraft armam electronic and avionic devices for t Government.

Property: Company owns tract of mately 162 acres, about 10 miles nort downtown St. Louis, with plant co 5 brick, steel and concrete buildings ing about 880,000 sq. ft., including m tory building and power plant wit 650,000 sq. ft. Leases 100,000 sq. ft. wa adjacent to main plant from wholl subsidiary.

Company also occupies governmen plant at Washington Park, Ill., wit 240,000 sq. ft. of floor area used in pro of electronic and avionic equipment.

Company leases 75,000 sq. ft. plant f gould, Ark., for manufacturing purpos leases 20,000 sq. ft. building in St. L 40,000 sq. ft. building adjacent to mai

DIVIDENDS PAID—(calendar years):

[1]1940	$1.12½	1941	$1.00	[1]1942	$2.00
1943-44	1.00	1945-47	Nil	1948	0.55
1949	0.70	1950	1.15	1951-52	1.00
1953-54	1.30	[2]1955-56	1.50	[2]1957-59	1.00
[3]1960	0.50				

[1]Including 50 cents in promissory notes.
[2]Also stock dividends: 1956, 5%; 1957, 5%; 1958, 2%; 1959, 6%.
[3]To Apr. 16.

VOTING RIGHTS—Has sole voting power.
PREEMPTIVE RIGHTS — There is no provision limiting preemptive rights.
TRANSFER AGENTS — Morgan Guaranty Trust Co., New York and Fidelity Union Trust Co., Newark, N. J.
REGISTRAR—Bankers Trust Co., New York.
DIVIDEND DISBURSING AGENT — Morgan Guaranty Trust Co., New York.
LISTED—On New York Stock Exchange.
OFFERED—(100,000 shares) at $12.50 per share on Jan. 15, 1941 by H. M. Byllesby & Co., Inc., New York. Offering did not represent company financing.

PRICE RANGE—	1959	1958	1957	1956	1955
High	31⅞	20½	27¼	21⅞	23¼
Low	18¼	14¼	17⅞	16½	15½

ELECTRONIC COMMUNICATIONS, INC.

History: Incorporated under the laws of New Jersey, May 27, 1940, as Air Associates, Inc. Represented merger and consolidation with former parent company of same name; incorporated in New York July 1, 1927; present name adopted Apr. 30, 1957.

On May 1, 1950, acquired Snyder Aircraft Corp., Chicago, now operated as a branch.

In Sept., 1953 purchased Aviation Supply Corp. at Atlanta, Ga. Municipal Airport now operated as a branch.

In 1959, acquired by exchange of stock Standard Products, Inc., Wichita, Kans. and Advanced Technology Corp., Santa Barbara, Cal.

Proposed Acquisition of W. L. Maxson Corp., New York (see general index) approved in Mar., 1960, by directors of both concerns, provides for exchange of one common share for 1¾ shares of Maxson, subject to approval of stockholders. Maxson has 739,185 shares outstanding.

Business: Operations, in military communications and aircraft supply fields, conducted by following operating divisions and subsidiaries:

St. Petersburg Division: Engineers, designs and manufactures electronic and electromechanical equipment, including communication receivers and transmitters and other communications systes for manned aircraft, ships, missiles, etc. Also various precision products, including electric motors, actuators, hydraulic equipment, etc. Substantially all of sales are to Government and principal aircraft manufacturers.

Research Div.: Operates laboratory at Timonium, Md., near Baltimore; for advanced research in communications, radar and infra red fields.

Advanced Technology Div.: Subsidiary engages in missile and space vehicle research at Santa Barbara, Cal.

Facsimile Div.: Designs, manufactures and distributes facsimile reproduction equipment.

Air Associates Div.: Subsidiary handles merchandising and distribution of aviation supplies and equipment; also engaged in flight instrument overhaul operations.

Property: Company owns 200,000 sq. ft. plant in St. Petersburg, Fla.

Research division has leased plant of 20,000 sq. ft. at Timonium (near Baltimore), Md.

Advanced Technology Corp. leases 6,800 sq. ft. plant in Santa Barbara, Cal.

Air Associates Division owns premises near Municipal Airport, Chicago, and leases premises in airports at Atlanta; Columbus; Dallas; Glendale, Cal.; Kansas City, Kans.; Miami; San Francisco; Teterboro; N. J.; Tulsa, and Wichita.

Regional offices located at Washington, D. C.; Teterboro, N. J.; Dayton, Boston, Dallas and North Hollywood, Cal.

Subsidiaries (wholly-owned):
Air Associates, Inc. (Del.)
Standard Products, Inc. (Kans.)
Advanced Technology Corp. (Calif.)

Officers: F. W. Godsey, Jr., Pres.; W. R. Yarnall, Chmn. of Bd. and Fin. Vice-Pres.; G. A. Sereno, Exec. Vice-Pres.; E. F. Coy, Vice-Pres. (Mkt.); D. D. King, Vice-Pres. (Research); J. B. Williams, Vice-Pres.; C. L. Lord, Vice-Pres. and Treas.; S. S. Kronberg, Sec. and Contr.; T. F. Peppel, E. P. T. Smith, Jr., Asst. Sec.

Directors: C. K. Baxter, W. H. Foulk, H. A. Kroeger, W. R. Yarnall, J. P. Crawford, Jr., G. A. Sereno, E. P. T. Smith, Jr., F. W. Godsey, Jr., Duncan Miller.

General Counsel: Ballard, Spahr, Andrews & Ingersoll, Philadelphia.

Auditors: Arthur Andersen & Co.

Annual Meeting: Last Thursday in January.

No. of Stockholders: Sept. 30, 1959: Preferred, 309; common, 1,936.

No. of Employees: Sept. 30, 1959, 1,400.

Office: 1501 72nd St. No., St. Petersburg 33, Fla.

Unfilled Orders:

	1959	1958
As of Sept. 30	$10,726,000	$17,075,000

Income Account, years ended Sept. 30:

	[1]1959	1958
Sales	$32,771,830	[3]$21,191,882
Cost & expenses	30,623,082	20,230,193
Depreciation	150,295	121,777
Net earnings	1,998,453	839,912
Other income, net	58,558	15,116
Total income	2,057,011	855,028
Interest	295,406	379,610
Fed. income tax	906,466	225,000
Prof. prop. sold	--------	317,891
Net income	855,139	[3]568,309
Prev. earn. surp.	1,854,615	1,164,880
Preferred divs.	145,996	--------
Earn. surplus, 9-30	2,563,758	[3]1,733,189
Earn., pfd. share	$19.31	$9.66
No. of pfd. shares	44,290	58,816

[1]Consol. incl. Stand. Prod. Inc. acq. Mar. 25, 1959 entire year & Adv. Tech. Corp. from July 27, 1959 date acq. [3]Incl. Stand. Prod., Inc. and reflect. $192,422 net inc., reduct. from price redeterm.: Net sales, $23,849,331; net income, $424,353; earn. surp., 9-30, $1,854,615; earn. com. sh., $1.47 on 265,413 shs.

Sales and Earnings, yrs. to Sept. 30 (in $):

	Net Sales	Net Income	No. of Shares	Earn. on Com.
[2]1959	32,771,830	855,139	[2]590,076	1.40
1958	[2]21,191,882	568,309	238,908	[2]2.23
1958	21,191,882	250,418	238,908	[1]0.90
1957	16,980,451	245,311	236,733	[1]0.88
1956	14,237,111	95,986	235,933	[1]0.25
1955	12,587,052	54,051	235,033	[1]0.07
1954	18,233,740	344,311	235,033	[1]1.31
1953	19,034,877	141,659	234,522	[1]0.44
1952	16,244,452	46,695	234,522	0.03
1951	11,494,502	83,971	139,297	0.45
1950	6,113,201	18,014	127,567	0.14

[1]Disregarding preferred arrears.
[2]See footnotes under acct. above.

Consolidated Balance Sheet, as of Sept. 30:

Assets:	[5]1959	1958
Cash	$2,843,110	$1,230,600
Receivables, net	4,934,312	4,399,303
[1]Inventories	5,934,995	5,418,408
Prepayments	130,932	142,132
Total current	$13,843,349	[4]$11,190,443
Land, bldgs., etc.	2,723,617	1,991,652
Depreciation	1,002,459	800,491
Net property	1,721,158	1,191,161
Other assets	88,614	37,116
[3]Deferred charges	354,350	542,444
Total	$16,007,471	$12,961,164
Liabilities:		
[6]Accts. payable	$2,412,897	$1,987,255
Notes payable	2,626,151	6,100,000
Price redetermin.	2,800,000	--------
Accrued tax, etc.	323,561	209,094
Fed. inc. tax res.	804,715	391,263
Debt due	31,737	15,234
Total current	$8,999,061	[4]$8,702,846
Notes, etc., pay.	115,732	82,467
6% pfd. stk. ($10)	442,900	588,160
Common stk. ($1)	590,076	238,908
Earned surplus	2,563,758	1,733,189
Capital surplus	3,295,944	1,615,594
Total	$16,007,471	$12,961,164
Net current assets	$4,844,288	[4]$2,487,597
Net tang. com. sh.	$10.93	[2]$14.50

[1]Lower cost (fifo) or mkt. [2]After allow. for pfd. arrears. [3]Incl. defd. devel. exp.: 1959, $207,305; 1958, $300,779. [4]Adj. incl. Stand. Prod. Inc.: Curr. assets, $11,942,181; curr. liabil., $9,329,775; net curr. assets, $2,612,406. [5]Incl. Stand. Prod. Inc. [6]Incl. contract refds.: 1959, $1,052,526; 1958, $275,643.

V-Loan: Outstanding, Dec. 31, 1959, $2,500,000, under V-loan agreement dated June 28, 1951, as amended, which provides for revolving credit of $5,000,000 to Dec. 31, 1960, evidenced by promissory notes with interest at 6%. Loan is 70% guaranteed by Air Force.

Company agrees to maintain net current assets of at least $3,000,000. Except with consent of lenders, company may not pay cash dividends on common or reacquire any stock.

Term Loans: Outstanding, Sept. 30, 1959, $147,469, evidenced by 4% promissory note payable annually to 1965; 5½% first mortgage note payable monthly to July, 1966, and unsecured 5% note of subsidiary payable $5,000 quarterly to 1961.

Capital Stock: 1. Electronic Communications, Inc. 6% cumulative convertible preferred; par $10:

AUTHORIZED—200,000 shares; outstanding, 44,290 shares; par $10.
PREFERENCES—Has preference for assets and dividends.
DIVIDEND RIGHTS—Entitled to cumulative dividends of 60 cents per share annually payable quarterly Jan. 15, etc., to stock of record about Jan. 2, etc.
DIVIDEND RECORD—Initial dividend of 15 cents paid Oct. 15, 1951; 1952, 60 cents; 1953, none; 1954, 45 cents; 1955, 90 cents; none thereafter to June 12, 1959, when $2.55 was paid (clearing arrears); regular quarterly dividends thereafter.
VOTING RIGHTS—Has no voting power except as provided by law.
LIQUIDATION RIGHTS—In any liquidation entitled to $10 per share and dividends.
PREEMPTIVE RIGHTS—None.
CONVERTIBLE—Into common at any time, 1½ common shares for each preferred share, with no adjustment of dividends. Conversion rights subject to adjustment in certain events.
CALLABLE—As a whole, or in part by lot, at $10 per share and dividends at any time (to close of business on day preceding redemption) on at least 60 days' mailed notice.
ISSUED—(138,812 shares) on Aug. 1, 1951 as a stock dividend to common stockholders share for share.

PRICE RANGE—	1959	1958	1957	1956	1955
High	52	31½	12	13¼	13
Low	29	12½	8¼	9	8

2. Electronic Communications, Inc. common; par $1:

AUTHORIZED—1,000,000 shares; outstanding, Sept. 30, 1959, 590,076 shares; in treasury, 10,187 shares; reserved for conversion of preferred (No. 1) 66,435 shares; par $1.

At Dec. 1, 1959, Donner Corp. owned 251,676 shares (42.5%).

VOTING RIGHTS—Has full voting power.
PREEMPTIVE RIGHTS—None.
DIVIDENDS—(calendar years):

1937	$0.50	1938	$0.47½	1939	$0.50
1940	0.75	1941	0.37½	1942	0.12½
1943-46	1.00	1947	0.10	1948-49	Nil
1950	0.10	1951	[1]0.30	1952	0.40
1953-58	nil	1959	[2]		

[1]Also one share of 6% preferred stock for each share held.
[2]Paid 50% in stock Aug. 17, 1959.

DIVIDEND RESTRICTION — See V-loan above.
OFFERED—(25,000 common shares) at $8.50 per share in May, 1937, by Robinson, Miller & Co., Inc., and Cohu Brothers, New York.
(20,000 shares) at $9.50 per share on Nov. 30, 1951 by Bioren & Co. and Stroud & Co., Inc., both in Philadelphia, Pa.
(100,000 shares) at $18.75 per share (proceeds to company, $17.25 a share) on Nov. 14, 1958, by Laird & Co., Corp., Wilmington, and associates.
LISTED—On American Stock Exchange.

PRICE RANGE—	[1]1959	1958	1957	1956	1955
High	37¾	32½	12⅞	13½	12¾
Low	17	10	8	9	7¾

[1]After stock dividend; before, 44¾-28⅜.

Transfer and Dividend Disbursing Agent: Registrar & Transfer Co., New York, and Jersey City, N. J.

Registrar: Irving Trust Co., New York.

Stock Options held by F. W. Godsey, Jr., president, at Sept. 30, 1959 on 75,000 common shares at $5.74 per share. Also certain executives and key employees on 33,301 shares at average price of $12.34 per share.

ENNIS BUSINESS FORMS, INC.

History: Incorporated in Texas Dec. 10, 1909 as Ennis Tag & Salesbook Co.; present name adopted Aug. 19, 1959.

Business: Manufactures diversified line of business forms, cards, tags, carbon paper, etc.

Property: Company has plants with warehouses at Ennis, Tex.; Chatham, Va. and Paso Robles, Cal. and distribution warehouses in Houston, Birmingham and St. Louis, with combined floor space of 392,500 sq. ft., of which 226,500 sq. ft. owned; balance leased.

Directors: Garner Dunkerley, Jr., Pres.; H. C. McElroy, Sr. Vice-Pres.; Felix Atwood, Sec.; L. G. Dunkerley, Asst. Sec. and Asst. Treas.; R. W. Hesser.

Other Officers: J. H. Hawkins, Sr., Vice-Pres.; L. F. Gehrig, Vice-Pres. and Treas.; W. R. Schween, J. H. Marcia, Vice-Pres.

Auditors: Peat, Marwick, Mitchell & Co.

Annual Meeting: Second Tuesday in May.

No. of Stockholders: Mar. 1, 1960, 2,000.

No. of Employees: Sept. 1, 1959, 750.

Office: 214 West Knox St., Ennis, Tex.

Combined Sales & Earnings, yrs. to Feb. 28, etc. (Ennis Business Forms Inc., Anchor Paper Co. and Dunlee Paper Products, Inc. yrs. to Feb. 28 & Amer. Carbon Paper Mfg. Co. yrs. to Mar. 31—in $—from SEC report):

	Net Sales	Net Income	No. of Com. Shs.	[2]Common Earn.	Pd.
[1]'59	5,745,551	349,611	500,000	0.70	0.20
[1]'58	4,224,272	186,910	------	0.37	0.13
'59	9,126,019	396,610	------	0.79	0.18
'58	8,115,100	425,670	------	0.85	0.16
'57	7,713,001	405,013	------	0.81	0.15
'56	6,894,393	337,193	------	0.67	0.14
'55	5,856,307	203,650	------	0.41	0.14

[1]6 mos. to Aug. 31. [2]Based on 500,000 shs. outst. Aug. 31, 1959.

Condensed Balance Sheet, as of Aug. 31, 1959 (from SEC report):

Assets:	
Cash	$658,863
Receivables, net	1,382,098
Inventories	1,388,800
Prepayments, etc.	8,169
Total current	$3,437,930
Net property	1,457,399
Deferred charges	2,793
Total	$4,898,122
Liabilities:	
Debentures due	$30,000

1960

	1960	1959
Total	2,796,839	2,732,851
[1]Reacq. stock	33,000	142,048
Net stk. & surp.	2,763,839	2,590,803
Total	$3,477,122	$3,308,531
Net current assets	$742,093	$938,508
Net tang. per sh.	$14.29	$26.90

[1]6,600 (1959, 18,670) shs. at cost.

Note: Unmatured instal. receiv. on leases and contracts: 1960, $6,168,271; 1959, $5,094,424.

Capital Stock: Electrical Products Consolidated common; par $5:

AUTHORIZED—200,000 shares; outstanding, 193,400 shares; in treasury, 6,600 shares; par $5.

DIVIDENDS (calendar years since 1947)—

1948	1.70	1949	1.25	1950–51	1.50
1952	0.75	1953–54	1.50	1955	1.65
1956–57	1.70	1958	2.05	1959	1.90
[1]1960	1.30				

On $9 par shares after 100% stk. div.:

1960	0.50	[2]1961	0.60

[1]Also 100% in stock May 16.

[2]To Apr. 2.

TRANSFER AGENT AND REGISTRAR—People's National Bank, Seattle, Wash.

DIVIDEND DISBURSING AGENT—Company.

PRICE RANGE—	[1]1960	1959	1958	1957	1956
High	24	42½	35½	27½	29¼
Low	22	35½	27	26½	27

[1]*After stk. div.; before, 44½-40¼.*

ELECTRONIC COMMUNICATIONS, INC.

History: Incorporated under the laws of New Jersey, May 27, 1940, as Air Associates, Inc. Represented merger and consolidation with former parent company of same name; incorporated in New York July 1, 1927; present name adopted Apr. 30, 1957.

On May 1, 1950, acquired Snyder Aircraft Corp., Chicago, now operated as a branch.

In Sept., 1953 purchased Aviation Supply Corp. at Atlanta, Ga. Municipal Airport now operated as a branch.

In 1959, acquired by exchange of stock Standard Products, Inc., Wichita, Kans. and Advanced Technology Corp., Santa Barbara, Cal.

Business: Operations, in military communications and aircraft supply fields, conducted by following operating divisions and subsidiaries:

St. Petersburg Division: Engineers, designs and manufactures electronic and electromechanical equipment, including communication receivers and transmitters and other communications systems for manned aircraft, ships, missiles, etc. Also various precision products, including electric motors, actuators, hydraulic equipment, etc. Substantially all of sales are to Government and principal aircraft manufacturers.

Research Div.: Operates laboratory at Timonium, Md., near Baltimore; for advanced research in communications, radar and infra red fields.

Advanced Technology Corp.: Subsidiary engages in missile and space vehicle research at Santa Barbara, Cal.

Facsimile Div.: Designs, manufactures and distributes facsimile reproduction equipment.

Air Associates Inc.: Subsidiary handles merchandising and distribution of aviation supplies and equipment; also engaged in flight instrument overhaul operations.

Property: Company owns 200,000 sq. ft. plant in St. Petersburg, Fla.

Research division has leased plant of 20,000 sq. ft. at Timonium (near Baltimore), Md.

Advanced Technology Corp. leases 6,800 sq. ft. plant in Santa Barbara, Cal.

Air Associates Inc. owns premises near Municipal Airport, Chicago, and leases premises in airports at Atlanta; Columbus; Dallas; Glendale, Cal.; Kansas City, Kans.; Miami; San Francisco; Teterboro, N. J.; Tulsa, and Wichita.

Regional offices located at Washington, D. C.; Teterboro, N. J.; Dayton, Boston, Dallas and North Hollywood, Cal.

Subsidiaries (wholly-owned):
Air Associates, Inc. (Del.)
Standard Products, Inc. (Kans.)
Advanced Technology Corp. (Calif.)
Production Products Inc.

Officers: F. W. Godsey, Jr., Pres.; W. R. Yarnall, Chmn. of Bd. and Fin. Vice-Pres.; C. A. Sereno, Vice-Pres.; E. F. Coy, Vice-Pres. (Mkt.); D. D. King, Vice-Pres. (Research); J. B. Williams, L. W. Wiley, Vice-Pres.; C. L. Lord, Vice-Pres., Sec. and Treas.; E. A. Horvath, Contr.; T. F. Peppel, E. P. T. Smith, Jr., Asst. Sec.

Directors: C. K. Baxter, J. B. Williams, H. A. Kroeger, W. R. Yarnall, J. P. Crawford, Jr., C. A. Sereno, E. P. T. Smith, Jr., F. W. Godsey, Jr., Duncan Miller, W. D. Roosevelt.

General Counsel: Ballard, Spahr, Andrews & Ingersoll, Philadelphia.

Auditors: Arthur Andersen & Co.

Annual Meeting: Last Thursday in January.

No. of Stockholders: Sept. 30, 1960: Preferred, 280; common, 1,846.

No. of Employees: Sept. 30, 1960, 1,200.

Office: 1501 72nd St. No., St. Petersburg 10, Fla.

Unfilled Orders:	1960	1959
As of Sept. 30	$11,023,000	$10,726,000

Consolidated Income Account, years ended Sept. 30:

	1960	[1]1959
Sales	$24,130,561	$32,771,830
Cost & expenses	24,763,851	30,623,082
Depreciation	223,142	150,295
Net earnings	d 856,432	1,998,453
Other income, net	45,827	58,558
Total income	d 810,605	2,057,011
Interest	251,906	295,406
Fed. income tax	cr 455,000	906,466
Net income	d 607,511	855,139
Prev. earn. surp.	2,563,758	1,854,615
Preferred divs.	25,566	145,996
Earn. surplus, 9-30	1,930,681	2,563,758
Earn., pfd. share	Nil	$19.31
Earn., com. share	d $1.06	1.40
No. of pfd. shares	42,248	44,290
No. of com. shares	597,209	590,076

[1]Incl. Stand. Prod. Inc. acq. Mar. 25, 1959 entire year & Advance Technol. Corp. from July 27, 1959 date acq.

Sales and Earnings, yrs. to Sept. 30 (in $):

	Net Sales	Net Income	No. of Shares	Earn. on Com.
[2]1959	32,771,830	855,139	[2]590,076	1.40
1958	[2]21,191,882	568,309	238,908	[2]2.23
1958	21,191,882	250,418	238,908	[1]0.90
1957	16,980,451	245,311	236,733	[1]0.88
1956	14,237,111	95,986	235,933	[1]0.25
1955	12,587,052	54,051	235,033	[1]0.07
1954	18,233,740	344,311	235,033	[1]1.31
1953	19,034,877	141,659	234,522	[1]0.44
1952	16,244,452	46,695	234,522	0.03
1951	11,494,502	83,971	139,297	0.45
1950	6,113,201	18,014	127,567	0.14

[1]Disregarding preferred arrears.

[2]See footnotes under acct. above.

Consolidated Balance Sheet, as of Sept. 30:

Assets:	1960	1959
Cash	$848,795	$2,843,110
Receivables, net	5,126,778	4,934,312
Tax claim	250,000	--------
[1]Inventories	4,483,280	5,934,995
Prepayments	191,415	130,932
Total current	$10,900,268	$13,843,349
Land, bldgs., etc.	4,043,209	2,723,617
Depreciation	1,178,732	1,002,459
Net property	2,864,477	1,721,158
Other assets	257,934	88,614
Deferred charges	157,385	354,350
Total	$14,180,064	$16,007,471
Liabilities:		
Accts. payable	$1,160,355	$2,412,897
Notes payable	4,699,750	2,628,151
Price redetermin.	700,000	2,800,000
Accrued tax, etc.	314,644	323,561
Fed. inc. tax res.	--------	804,715
Debt due	46,063	31,737
Total current	$6,920,812	$8,999,061
Notes, etc., pay.	973,955	115,732
6% pfd. stk. ($10)	422,480	442,900
Common stk. ($1)	597,209	590,076
Earned surplus	1,930,681	2,563,758
Capital surplus	3,334,927	3,295,944
Total	$14,180,064	$16,007,471
Net current assets	$3,979,456	$4,844,288
Net tang. com. sh.	$9.82	$10.93

[1]Lower cost (fifo) or mkt.

V-Loan: Outstanding, Dec. 31, 1960, $4,500,000, under V-loan agreement dated June 28, 1951, as amended, which provides for revolving credit of $5,000,000 to Dec. 10, 1960, evidenced by promissory notes with interest at 6%. Loan is 70% guaranteed by Air Force.

Company agrees to maintain net current assets of at least $3,000,000. Except with consent of lenders, company may not pay cash dividends on common or reacquire any stock.

Term Loans: Outstanding, Sept. 30, 1960, $1,020,018, evidenced by 4% promissory note payable annually to 1965; 6½% first mortgage note payable monthly to Aug., 1975, and unsecured 5% note of subsidiary payable $5,000 quarterly to 1961.

Capital Stock: 1. Electronic Communications, Inc. 6% cumulative convertible preferred; par $10:

AUTHORIZED—200,000 shares; outstanding, 42,248 shares; par $10.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of 60 cents per share annually payable quarterly *Jan. 15, etc., to stock of record about Jan. 2, etc.*

DIVIDEND RECORD—Initial dividend of 15 cents paid Oct. 15, 1951; 1952, 60 cents; 1953, none; 1954, 45 cents; 1955, 90 cents; none thereafter to June 12, 1959, when $2.55 was paid (clearing arrears); regular quarterly dividends thereafter.

VOTING RIGHTS—Has no voting power except as provided by law.

LIQUIDATION RIGHTS—In any liquidation entitled to $10 per share and dividends.

PREEMPTIVE RIGHTS—None.

CONVERTIBLE—Into common at any time, 1½ common shares for each preferred share, with no adjustment of dividends. Conversion rights subject to adjustment in certain events.

CALLABLE—As a whole, or in part by lot, at $10 per share and dividends at any time (to close of business on day preceding redemption) on at least 60 days' mailed notice.

ISSUED—(138,812 shares) on Aug. 1, 1951 as a stock dividend to common stockholders share for share.

PRICE RANGE—	1960	1959	1958	1957	1956
High	37	52	31½	12	13¼
Low	27	29	12½	8¼	9

2. Electronic Communications, Inc. common; par $1:

AUTHORIZED—1,000,000 shares; outstanding, Sept. 30, 1960, 597,209 shares; in treasury, 6,115 shares; reserved for conversion of preferred (No. 1) 63,372 shares; par $1.

At Dec. 1, 1959, Donner Corp. owned 251,676 shares (41.9%).

VOTING RIGHTS—Has full voting power.

PREEMPTIVE RIGHTS—None.

DIVIDENDS—(calendar years):

1937	$0.50	1938	$0.47½	1939	$0.50
1940	0.75	1941	0.37½	1942	0.12½
1943–46	1.00	1947	0.10	1948–49	Nil
1950	0.10	1951	[1]0.30	1952	0.40
1953–58	nil	1959	[2]	1960	nil

[1]Also one share of 6% preferred stock for each share held.

[2]Paid 50% in stock Aug. 17, 1959.

DIVIDEND RESTRICTION — See V-loan above.

OFFERED—(25,000 common shares) at $8.50 per share in May, 1937, by Robinson, Miller & Co., Inc., and Cohu Brothers, New York.

(20,000 shares) at $9.50 per share on Nov. 30, 1951 by Bioren & Co. and Stroud & Co., Inc., both in Philadelphia, Pa.

(100,000 shares) at $18.75 per share (proceeds to company, $17.25 a share) on Nov. 14, 1958, by Laird & Co., Corp., Wilmington, and associates.

LISTED—On American Stock Exchange.

PRICE RANGE—	1960[1]	1959	1958	1957	1956
High	35½	37¾	32½	12½	13¼
Low	16	17	10	8	9

[1]After stock dividend; before, 44¾-28¾.

Transfer and Dividend Disbursing Agent: Registrar & Transfer Co., New York, and *Jersey City, N. J.*

Registrar: Chemical Bank New York Trust Co., New York.

Stock Options held by F. W. Godsey, Jr., president, at Sept. 30, 1960 on 7,500 common shares at $5.74 per share. Also certain executives and key employees on 45,703 shares at average price of $19.02 per share.

ELK HORN COAL CORP.

History: Incorporated on Feb. 23, 1937 under laws of West Virginia, and acquired on Mar. 1, 1937 pursuant to reorganization plan *(for details, see Moody's 1937 Industrial Manual)* all assets, subject to liabilities, of Elk Horn Coal Corp., Inc. (W. Va.) which was organized Nov. 17, 1915, as a merger of the former Elk Horn Fuel Co., Elk Horn Mining Corp. and Mineral Fuel Co.

Company was placed in receivership Aug. 31, 1940 and receivership terminated Nov. 3, 1953. Under the reorganization plan, holders of 4% non-cumulative first and second preferred (par $100) received $60 and $50 cash, respectively, plus one new no par common share and a warrant to purchase one additional common share at $25 on or before Jan. 1, 1955.

Business: Company is engaged in mining, leasing and selling coal. Main operations are in Kentucky.

Properties: Owns in fee, or through ownership of mining rights, approximately 160,000 acres. In 1956 company closed its Wayland and Jackhorn mines. Tipples now leased to other operators.

Has location for coal handling facilities on 26-acre site on Ohio River at Catlettsburg, Ky.

Company in Jan. 1955, sold 14,611 acres in Kentucky, representing interest in approximately 32,000,000 tons of coal, for $1,300,000 cash.

Subsidiaries: Floyd County Coal Co., Inc. (Ky.), wholly-owned, operates Jackhorn and Rex Elk Horn tipples. Peerless Sewell Coal Co. (W. Va.), wholly-owned, operates mines in Randolph County, W. Va. Peerless operations suspended in 1959. Operated by lessee.

Also owns 16¼% stock of Kentucky River Coal Co. (see general index).

Officers: W. W. Goldsmith, Pres.; George Ward, Vice-Pres.; W. J. Jackson, Treas. and Sec.; G. H. Wilson, Asst. Sec. & Asst. Treas.

Directors: A. B. Koontz, H. D. Kinsey, W. W. Goldsmith, Frank Ginberg, L. I. Schreiber.

General Counsel: Koontz & Koontz.

Auditors: Ernst & Ernst.

Annual Meeting: Fourth Wednesday in Apr.

No. of Stockholders: Dec. 31, 1960, 1,314.

No. of Employees: Dec. 31, 1960, 26.

Office: 308 Union Bldg., Charleston, W. Va.

Statistics, years ended Dec. 31 (in tons):

	1960	1959
Mined by lessees	1,411,693	1,316,518

Consolidated Income Account, years ended Dec. 31:

	1960	1959
Coal sales	$457,932	$714,375
Royalties earned	299,746	282,526
Prof. assets sold	38,148	5,944
Other income	392,892	313,038
Gross income	1,188,718	1,315,883
Costs & expenses	749,898	1,044,528
Depletion	34,819	26,003
Depreciation	85,475	90,109
Income taxes	73,700	57,600
Pr. yr. tax adj.	cr 299	cr 2,953

1961

Total	17,290,476	16,720,548
Reack. stock	[5]79,999	--------
Net stk. & surp.	17,210,476	16,720,548
Total	$22,089,036	$21,416,043
Net current assets	$11,695,913	$11,728,692
[2]Net tang. com. sh.	$27.48	$26.56

[1]Raw matls., fin. gds, wk. in process, lower of cost (mostly fifo) or mkt.; other at cost. [2]Incl. 18,217 (1960, 18,306) com. shs. for 3% stk. div. [3]18,217 (1960; 18,308) shs. for stk. div. in Jan. follow. yr. [4]After deduct. $478,915 applic. cost of shs. [5]3,043 shs. at cost.

Mortgage Note: Outstanding, Nov. 30, 1961, $326,012 (excl. current), due Dec. 15, 1972, at 5¾% payable monthly.

Other Debt: Outstanding, Nov. 30, 1961, $28,400.

Capital Stock: 1. Elastic Stop Nut Corp. of America common; par $1:

AUTHORIZED—1,000,000 shares; outstanding, Jan. 16, 1972, 25,602 shares; in treasury, 3,043 shares; par $1.

DIVIDENDS PAID—(calendar years):

[1]1940	$1.12½	1941	$1.00	[1]1942	$2.00
1943-44	1.00	1945-47	Nil	1948	0.55
1949	0.70	1950	1.15	1951-52	1.00
1953-54	1.30	[2]1955-56	1.50	[2]1957-60	1.00
[3]1962	[3]0.50				

[1]Including 50 cents in promissory notes.
[2]Also stock dividends: 1956, 5%; 1957, 5%; 1958, 2%; 1959, 6%; 1961, 3%; Jan. 16, 1962, 3%.
[3]To Apr. 18; also 3% in stock.

VOTING RIGHTS—Has sole voting power.

PREEMPTIVE RIGHTS — There is no provision limiting preemptive rights.

TRANSFER AGENTS — Morgan Guaranty Trust Co., New York and Fidelity Union Trust Co., Newark, N. J.

REGISTRAR—Bankers Trust Co., New York.

DIVIDEND DISBURSING AGENT — Morgan Guaranty Trust Co., New York.

LISTED—On New York Stock Exchange.

OFFERED—(100,000 shares) at $12.50 per share on Jan. 15, 1941 by H. M. Byllesby & Co., Inc., New York. Offering did not represent company financing.

PRICE RANGE—	1961	1960	1959	1958	1957
High	36¼	26⅞	31⅞	20⅛	27¼
Low	21	17¼	18¼	14¼	17⅞

ELECTRICAL PRODUCTS CONSOLIDATED

History: Incorporated under the laws of the state of Washington, on Oct. 15, 1932.

Formed to acquire and consolidate in exchange for its capital stock, the operating units of Electrical Products Corp. of Washington, Montana, Colorado and Utah.

On Jan. 5, 1939, company purchased for approximately $100,000 all outstanding stock of Q. R. S. Neon Corp., Denver, Colo., the transfer being effective as of Nov. 1, 1938. On March 1, 1939, Q. R. S. Corp. was taken over in its entirety. During 1938, company acquired for $7,500 assets of National Outdoor Advertising Co., Denver.

On Nov. 1, 1940 purchased plants, equipment and contracts of "Sun" Beem Neon Corp., giving company a branch at Yakima, Wash.

During 1941, acquired Modern Neon Co. at Billings, Mont., and Valley Neon Co. at Pueblo, Colo.

During 1946 acquired Artcraft Sign Co., Seattle.

In 1948, company acquired neon business of Cosgriff Outdoor Advertising Co. in Southern Idaho. As of Jan. 1, 1953 acquired assets of Neon Products Co., Billings, Mont.

On Jan. 1, 1956 purchased certain assets of Federal Sign & Signal Corp., St. Paul, Minn.

On July 1, 1958, purchased certain assets of William Brothers, Inc., Spokane.

In 1960, purchased certain assets of Obie Signs, Inc., Great Falls, Mont. and of Markhams, Inc., Pocatello, Ida.

Business: An operating company engaged in the manufacture of interior lighting and electrical advertising displays.

Properties: Manufacturing plants located in Seattle, Wash., 63,000 sq. ft.; Spokane, Wash., 11,000 sq. ft.; Denver, Colo., 22,000 sq. ft.; Great Falls, Mont., 5,000 sq. ft.; in Salt Lake City, Utah, 5,000 sq. ft.; Boise, Idaho and Billings, Mont.; also operates service plants at Tacoma and Pasco, Wash.; Twin Falls, and Pocatello, Ida.; Casper, Wyo.

Subsidiary: Plastic Products Corp., Seattle; (wholly-owned), manufactures plastic material.

Officers: G. K. Comstock, Pres.; John Ford, Vice-Pres. & Gen. Mgr.; H. C. Rolfe, Vice-Pres.; Andrew Steers, Treas.; P. D. Macbride, Sec.; S. W. Leach, Asst. Treas.; H. A. Lorentzen, Asst. Sec.

Directors: G. K. Comstock, H. C. Rolfe, L. G. Kelly, P. D. Macbride, Joshua Green, Sr., E. F. Galt, N. S. Rogers, K. B. Colman, Aksel Nielsen, D. E. Wallace.

Auditors: Meals & Co.

Annual Meeting: Third Monday in March.

No. of Stockholders: Nov. 30, 1961, 1,051.

No. of Employees: Nov. 30, 1961, 208.

General Office: 1275 Mercer St., Seattle 11, Wash.

Consolidated Income Account, years ended Nov. 30:

	1961	1960
Sales, etc.	$3,816,417	$4,027,321
Gross profit	1,850,240	1,878,263
Operating exp.	1,165,857	1,199,097
Depreciation	62,924	63,262
Operating profit	621,459	615,904
Other income	120,910	146,060
Total income	742,369	761,964
Other deductions	61,818	55,982
Fed. income tax	335,944	351,281
Net income	344,607	354,701
Prev. earn. surp.	1,690,291	2,016,152
Dividends (cash)	212,673	197,954
Dividends (stk.)	--------	425,000
Treas. stk. retire.	--------	56,775
Pr. yrs. tax adj.	--------	d 833
Earn. surp., 11-30	1,822,225	1,690,291
Earned per share	$1.78	$1.83
Number of shares	193,370	193,400

Earnings, years to Nov. 30 (in $):

	Sales	Net Income	No. of Shares	Earn. on Com.
1959	3,926,577	374,718	96,880	3.89
1958	3,458,276	320,282	96,330	3.32
1957	3,634,238	361,344	96,255	3.75
1956	3,779,433	273,432	95,646	2.86
1955	3,437,094	247,231	95,646	2.58

Consolidated Balance Sheet, as of Nov. 30:

Assets:	1961	1960
Cash	$842,815	$665,348
Receivables, net	337,470	332,206
Inventories, cost	308,495	423,762
Prepayments	33,808	34,060
Total current	$1,522,589	$1,455,376
Land, bldgs., etc.	1,135,649	1,095,777
Depreciation	568,944	540,602
Net property	566,704	555,175
Neon signs, net	1,435,800	1,456,571
Investments	10,000	10,000
Total	$3,535,092	$3,477,122
Liabilities:		
Accts. pay., etc.	$139,081	$204,031
Dividends payable	67,672	67,690
Accruals, etc.	192,317	195,242
Fed. income tax	240,954	246,320
Total current	$640,024	$713,283
Capital stock ($5)	966,850	967,000
Capital surplus	105,993	106,548
Earned surplus	1,822,225	1,690,291
Total	$3,535,092	$3,477,122
Net current assets	$882,564	$742,093
Net tang. per sh.	$14.97	$14.29

Note: Unmatured instal. receiv. on leases and contracts: 1961, $6,309,540; 1960, $6,168,271.

Capital Stock: Electrical Products Consolidated common; par $5:

AUTHORIZED—200,000 shares; outstanding, 193,370 shares; in treasury, 6,630 shares; par $5.

DIVIDENDS (calendar years since 1947)—

1948	1.70	1949	1.25	1950-51	1.50
1952	0.75	1953-54	1.50	1955	1.65
1956-57	1.70	1958	2.05	1959	1.90
[1]1960	1.30				

On $5 par shares after 100% stk. div.:

1960	0.50	[2]1961	0.60	1961	1.10
[2]1962	0.35				

[1]Also 100% in stock May 16.
[2]To Jan. 2.

TRANSFER AGENT AND REGISTRAR—People's National Bank, Seattle, Wash.

DIVIDEND DISBURSING AGENT—Company.

PRICE RANGE—	1961	[1]1960	1959	1958	1957
High	24	24	42½	35½	27½
Low	22	23	35½	27	26½

[1]After stk. div.; before, 44½-40¼.

ELECTRO-TEC CORP.

History: Incorporated in New Jersey Apr. 19, 1945.

Business: Manufactures slip ring and brush block assemblies, switching devices and relays for electronic equipment.

Property: Owns 30,000 sq. ft. plant in West Caldwell, N. J.; plants at Blacksburg, Va. (16,000 sq. ft.; also 7,000 sq. ft. leased) and Ormond Beach, Fla. (24,000 sq. ft.) are owned.

Subsidiary: Precimet Laboratories, Inc. (wholly-owned).

Directors: G. J. Pandapas, Chmn.; Arthur Asch, Pres. and Treas.; W. P. Maginnis, Exec. Vice-Pres.; F. O. Miniutti, Sec.; W. S. Palmer, J. M. O'Neil.

Auditors: J. K. Lasser & Co.

Annual Meeting: Third Tuesday in Aug.

No. of Stockholders: Apr. 30, 1961: Preferred, 28; common, 800.

No. of Employees: Apr. 30, 1961, 425.

Office: 1 Henderson Drive, West Caldwell, N. J.

Unfilled Orders:	1961	1960
As of Apr. 30	$1,420,000	$1,910,000

Sales & Earnings, yrs. to Apr. 30 (in $):

	Net Sales	Net Income	No. of Com. Sh.	Earn. Com. Sh.
[1]'61	5,539,068	190,334	592,500	0.26
'60	5,074,405	325,989	502,500	0.63
'59	2,788,260	d 10,531	--------	[1]d 0.02

[1]Based on 502,500 shs. at Apr. 30, '60.
[2]Consol.

Condensed Balance Sheet, as of Apr. 30,

Assets:	[2]1961	1960
Cash	$200,308	$148,079
U. S. Govt. secur.	917,795	--------
Receivables, net	735,623	902,060
[1]Inventories	570,247	608,997
Prepayments	30,857	50,137
Total current	$2,454,732	$1,709,273
Fixed assets, net	741,483	529,794
Invest. in subsid.	--------	45,000
Patents, net	153,674	1,667
Other assets	9,072	19,150
Total	$3,358,961	$2,304,884
Liabilities:		
Accts. payable, etc.	$231,624	$288,125
Accrued taxes	216,875	420,658
Other accruals	109,003	99,952
Total current	$557,502	$808,735
Note payable	--------	100,000
6% pfd. stk. ($100)	600,000	600,000
[2]Com. stk.	59,250	53,250
Paid-in surplus	1,269,726	24,750
Retained earnings	872,483	718,149
Total	$3,358,961	$2,304,884
Net current assets	$1,897,230	$900,538
Net tang. com. sh.	$3.46	$1.58

[1]Lower cost or mkt. [2]592,500 (1960, 502,500) $0.10 par shs. [3]Consol.

Capital Stock: 1. Electro-Tec Corp. 6% cumulative convertible preferred; par $100. Authorized, all series, 10,000 shs.; outstanding, 6% series, 6,000 shs.

Has preference for assets and cum. divs. of $6 a sh. annually, payable quarterly. In liquidation, entitled to $100 a sh. if involuntary; redemption price if voluntary; plus divs. Company may not pay cash divs. on common in excess of consolidated net income after Apr. 30, 1960 plus $50,000 and net proceeds of common sold after Dec. 31, 1959. At Apr. 30, 1961, retained earnings were not so restricted.

Regular dividends paid.

No voting power except on default of 4 quarterly divs. when it elects ⅓ of directors.

Callable at $115 a sh. to Dec. 31, 1960; reduced prices thereafter to $100 a sh. after Dec. 31, 1968. Sinking fund annually beginning Aug. 1, 1962 to retire 5% of preferred outstanding on that date at $100 a sh.

Convertible into 10 common shs. until Dec. 31, 1969 (unless previously redeemed); subject to adjustment in certain cases.

Offered: 6,000 shs. sold privately at $100 a sh. on Jan. 15, 1960.

2. Electro-Tec Corp. common; par 10 cents. Authorized, 1,000,000 shs.; outstanding, Apr. 30, 1961, 592,500 shs.

Pandapas family owns 442,025 shs. (76.5%).

No dividends paid.

Has one vote per sh. No preemptive rights. For div. restrictions, see preferred.

Transfer Agent and Registrar: First National City Bank, New York.

Offered (135,000 shares) at $16.50 a share on Aug. 31, 1960 by Harriman, Ripley & Co., Inc., New York, and associates. Offering included 75,000 shares sold for company account.

Price Range: 1961, 27½-8⅝.

Stock Options held by management and key employees at Jan. 1, 1962 on 24,760 shares at $7.60 to $15.68 a share expire in 1966.

ELECTRONIC COMMUNICATIONS, INC.

History: Incorporated under the laws of New Jersey, May 27, 1940, as Air Associates, Inc. Represented merger and consolidation with former parent company of same name; incorporated in New York July 1, 1927; present name adopted Apr. 30, 1957.

On May 1, 1950, acquired Snyder Aircraft Corp., Chicago, now operated as a branch.

In Sept., 1953 purchased Aviation Supply Corp. at Atlanta, Ga. Municipal Airport now operated as a branch.

In 1959, acquired by exchange of stock Standard Products, Inc., Wichita, Kans. and Advanced Technology Corp., Santa Barbara, Cal.

Business: Operations, in military communications and aircraft supply fields, conducted by following operating divisions and subsidiaries:

St. Petersburg Division: Engineers, designs and manufactures electronic and electromechanical equipment, including communication receivers and transmitters and other communications systems for manned aircraft, ships, missiles, etc. Also various precision products, including electric motors, actuators, hydraulic equipment, etc. Substantially all of sales are to Government and principal electronics and aerospace manufacturers.

Research Div.: Operates laboratory at Timonium, Md., near Baltimore, for advanced research in communications, radar and infra red fields.

Advanced Technology Division: Engages in missile and space vehicle research at Santa Barbara, Cal.

Facsimile Div.: Designs, manufactures and distributes facsimile reproduction equipment.

Air Associates Inc.: Subsidiary handles merchandising and distribution of aviation supplies and equipment; also engaged in flight instrument overhaul operations.

Property: Company owns 200,000 sq. ft. plant in St. Petersburg, Fla.

Research division has leased plant of 20,000 sq. ft. at Timonium (near Baltimore), Md.

Advanced Technology Corp. leases 6,800 sq. ft. plant in Santa Barbara, Cal.

Air Associates Inc. owns premises near Municipal Airport, Chicago, and leases premises in airports at Atlanta; Columbus; Dallas; Glendale, Cal.; Kansas City, Kans.; Miami; San Francisco; Teterboro, N. J.; Tulsa, Minneapolis, Denver and Wichita.

1962

Regional offices located at Washington, D. C.; Dayton, Boston, Dallas and North Hollywood, Cal.

Subsidiaries (wholly-owned):

Air Associates, Inc. (Del.)
 Standard Products, Inc. (Kans.)
Advanced Technology Corp. (Calif.)
 Production Products Inc.

Officers: S. W. Bishop, Pres.; W. R. Yarnall, Chmn. of Bd. and Fin. Vice-Pres.; C. A. Sereno, Vice-Pres.; D. D. King, Vice-Pres. (Research); J. B. Williams, L. W. Wiley, Vice-Pres.; C. L. Lord, Vice-Pres.; F. G. Hansel, Vice-Pres. (Eng.), Sec. and Treas.; E. A. Horvath, Contr.; T. K. Peppel, E. P. T. Smith, Jr., Asst. Sec.

Directors: C. K. Baxter, J. B. Williams, H. A. Kroeger, W. R. Yarnall, J. P. Crawford, Jr., C. A. Sereno, E. P. T. Smith, Jr., Duncan Miller, W. D. Roosevelt, S. W. Bishop, G. R. Wilson.

General Counsel: Ballard, Spahr, Andrews & Ingersoll, Philadelphia.

Auditors: *Arthur Andersen & Co.*

Annual Meeting: Last Thursday in January.

No. of Stockholders: Nov. 30, 1961: Preferred, 267; common, 1,748.

No. of Employees: Nov. 30, 1961, 1,250.

Office: 1501 72nd St. No., St. Petersburg 10, Fla.

Unfilled Orders:	1961	1960
As of Sept. 30	$12,331,000	$11,023,000

Consolidated Income Account, years ended Sept. 30:

	[1]1961	1960
Net sales	$22,280,994	$24,130,561
Costs & expenses	21,161,840	24,763,851
Depreciation, etc.	263,429	223,142
Net earnings	855,725	d 856,432
Other income, net	32,971	45,827
Total income	888,696	d 810,605
Interest	322,543	251,906
Fed. income tax	*260,000*	*cr 455,000*
Net income	306,153	[2]d 607,511
Prev. earn. surp.	2,182,882	2,563,758
Preferred divs.	24,013	25,566
Earn. surplus, 9-30	2,465,022	[2]1,930,681
Earn., pfd. share	$7.85	Nil
Earn., com. share	0.46	[2]d $1.06
No. of pfd. shares	38,983	42,248
No. of com. shares	617,482	597,209

[1]*From SEC report.* [2]*Adj. reflect. contr. price redeterm. and chge. in invent. val. policy:* Net loss, $557,707; earn. surp., $2,182,882; earn., com. sh., d $0.98.

Sales and Earnings, yrs. to Sept. 30 (in $):

	Net Sales	Net Income	No. of Shares	Earn. on Com.
1959	32,771,830	855,139	590,076	1.40
1958	21,191,882	568,309	238,908	2.25
1958	21,191,882	250,418	238,908	[1]0.90
1957	16,980,451	245,311	236,733	[1]0.88
1956	14,237,111	95,986	235,833	[1]0.25
1955	12,587,052	54,051	235,033	[1]0.07
1954	18,233,740	344,311	235,033	[1]1.31
1953	19,034,877	141,659	234,522	[1]0.44
1952	16,244,452	46,695	234,522	0.03
1951	11,494,502	83,971	139,297	0.45
1950	6,113,201	18,014	127,567	0.14

[1]Disregarding preferred arrears.

Consolidated Balance Sheet, as of Sept. 30:

Assets:	[2]1961	1960
Cash	$987,849	$848,795
Receivables, net	5,994,977	5,126,778
Tax claim	--------	250,000
[1]Inventories	5,397,426	4,483,280
Prepayments	118,689	191,415
Total current	$12,498,941	$10,900,268
Land, bldgs., etc.	4,132,375	4,043,209
Depreciation	1,367,986	1,178,732
Net property	2,764,389	2,864,477
Other assets }	69,686	257,934
Deferred charges }		157,385
Total	$15,333,016	$14,180,064
Liabilities:		
Accts. payable	$2,383,218	$1,160,355
Notes payable	4,029,750	4,699,750
Price redetermin.	--------	700,000
Accrued tax, etc.	346,672	314,644
Fed. inc. tax res.	526,336	--------
Debt due	68,814	46,063
Total current	$7,354,790	$6,920,812
Notes, etc., pay.	1,055,141	973,955
6% pfd. stk. ($10)	389,830	422,480
Common stk. ($1)	617,482	597,209
Earned surplus	2,465,022	1,930,681
Capital surplus	3,450,751	3,334,927
Total	$15,333,016	$14,180,064
Net current assets	$5,144,151	$3,979,456
Net tang. com. sh.	$10.58	$9.22

[1]Lower cost (fifo) or mkt. [2]From SEC report.

V-Loan: Outstanding, Dec. 31, 1961, $3,100,000; under V-loan agreement dated June 28, 1951, as amended, which provides for revolving credit of $5,000,000 to Feb. 28, 1962, evidenced by promissory notes with interest at 6%. Loan is 70% guaranteed by Air Force.

Company agrees to maintain net current assets of at least $3,000,000. Except with consent of lenders, company may not pay cash dividends on common or reacquire any stock.

Term Loans: Outstanding, Sept. 30, 1961, $1,138,016, evidenced by 4% promissory note payable annually to 1965; 6½% first mortgage note payable monthly to Aug., 1975, and unsecured 5% note of subsidiary payable $5,000 quarterly to 1963.

Capital Stock: 1. **Electronic Communications, Inc. 6% cumulative convertible preferred; par $10:**

AUTHORIZED—200,000 shares; outstanding, Dec. 20, 1961, 38,883 shares; par $10.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of 60 cents per share annually payable quarterly Jan. 15, etc., to stock of record about Jan. 3, etc.

DIVIDEND RECORD—Initial dividend of 15 cents paid Oct. 15, 1951; 1952, 60 cents; 1953, none; 1954, 45 cents; 1955, 90 cents; none thereafter to June 12, 1959, when $2.55 was paid (clearing arrears); regular quarterly dividends thereafter.

VOTING RIGHTS—Has no voting power except as provided by law.

LIQUIDATION RIGHTS—In any liquidation entitled to $10 per share and dividends.

PREEMPTIVE RIGHTS—None.

CONVERTIBLE—Into common at any time, 1⅛ common shares for each *preferred* share, with no adjustment of dividends. Conversion rights subject to adjustment in certain events.

CALLABLE—*As* a whole, or in part by lot, at $10 per share and dividends at any time (to close of business on day preceding redemption) on at least 60 days' mailed notice.

ISSUED—(138,812 shares) on Aug. 1, 1951 as a stock dividend to common stockholders share for share.

PRICE RANGE—	1961	1960	1959	1958	1957
High	37	37	52	31½	12
Low	27	27	29	12¼	8¼

2. Electronic Communications, Inc. common; par $1:

AUTHORIZED—1,000,000 shares; outstanding, Dec. 20, 1961, 717,758 shares; in treasury, 463 shares; reserved for conversion of preferred (No. 1), 58,325 shares; for options, 49,684 shares; par $1.

At Dec. 28, 1961, Donner Corp. owned 252,376 shares (40.9%).

VOTING RIGHTS—Has full voting power.

PREEMPTIVE RIGHTS—None.

DIVIDENDS—*(calendar years):*

1937	$0.50	1938	$0.47½	1939	$0.50
1940	0.75	1941	0.37½	1942	0.12½
1943-46	1.00	1947	0.10	1948-49	Nil
1950	0.10	1951	[1]0.80	1952	0.40
1953-58	nil	1959	[2]--	1960-61	nil

[1]*Also one share of 6% preferred stock for each share held.*

[2]Paid 50% in stock Aug. 17, 1959.

DIVIDEND RESTRICTION — See V-loan above.

OFFERED—(25,000 *common shares*) at $3.50 per share in May, 1937, by Robinson, Miller & Co., Inc., and Cohu Brothers, New York.

(20,000 shares) at $9.50 per share on Nov. 30, 1951 by Bioren & Co. and Stroud & Co., Inc., both in Philadelphia, Pa.

(100,000 shares) at $18.75 per share (proceeds to company, $17.25 a share) on Nov. 14, 1958, by Laird & Co., Corp., Wilmington, and associates.

(100,000 shares) at $18.75 a share on Dec. 20, 1961, by *Laird & Co. Corp.*, Wilmington, Del. and associates.

LISTED—On American Stock Exchange.

PRICE RANGE—	1961	1960	[1]1959	1958	1957
High	29⅝	35⅛	37¾	32½	12⅝
Low	16⅞	16	17	10	8

[1]After stock dividend; before, 44¾-28⅝.

Transfer and Dividend Disbursing Agent: Registrar & Transfer Co., New York, and Jersey City, N. J.

Registrar: Chemical Bank New York Trust Co., New York.

Stock Options held by S. W. Bishop and G. R. Wilson at Sept. 30, 1961, on 10,000 common shares at $22.10 per share and 4,000 common shares at $22 per share. Also certain executives and key employees at 38,727 shares at average price of $20.25 per share.

ELK HORN COAL CORP.

History: Incorporated on Feb. 23, 1937 under laws of West Virginia, and acquired on Mar. 1, 1937 pursuant to reorganization plan (for details, see Moody's 1937 Industrial Manual) all assets, subject to liabilities, of Elk Horn Coal Corp., Inc. (W. Va.) which was organized Nov. 17, 1915, as a merger of the former Elk Horn Fuel Co., Elk Horn Mining Corp. and Mineral Fuel Co.

Company was placed in receivership Aug. 21, 1940 and receivership terminated Nov. 5, 1953. Under the reorganization plan, holders of 4% non-cumulative first and second preferred (par $100) received $60 and $50 cash, respectively, plus one new no par common share and a warrant to purchase one additional common share at $25 on or before Jan. 1, 1955.

Business: *Company is engaged in leasing coal lands.*

Properties: Owns in fee, or through ownership of mining rights, approximately 160,000 acres in Kentucky and 15,000 acres in West Virginia. In 1956 company closed Wayland and Jackhorn mines. Tipples now leased to other operators.

Has location for coal handling facilities on 26-acre site on Ohio River at Cattlesburg, Ky.

Company in Jan. 1955, sold 14,611 acres in Kentucky, representing interest in approximately 32,000,000 tons of coal, for $1,300,000 cash.

Subsidiary: Floyd County Coal Co., Inc. (Ky.); (inactive).

Also owns 16¼% stock of Kentucky River Coal Co. (see general index).

Officers: W. W. Goldsmith, Pres.; George Ward, Vice-Pres.; W. J. Jackson, Treas. and Sec.; G. H. Wilson, Asst. Sec. & Asst. Treas.

Directors: A. B. Koontz, H. D. Kinsey, W. W. Goldsmith, Frank Ginberg, L. I. Schreiber.

General Counsel: Koontz & Koontz, T. A. Burke.

Auditors: Ernst & Ernst.

Annual Meeting: Fourth Wednesday in Apr.

No. of Stockholders: Dec. 31, 1961, 1,108.

No. of Employees: Dec. 31, 1961, 18.

Office: Fifth floor, Union Bldg., Charleston, W. Va.

Statistics, years ended Dec. 31 (in tons):

	1961	1960
Mined by lessees	1,663,078	1,411,693

Consolidated Income Account, years ended Dec. 31:

	1961	1960
Coal sales	$285,747	$457,932
Royalties earned	367,823	299,746
Other income	400,919	431,040
Gross income	1,054,489	1,188,718
Costs & expenses	566,170	749,898
Depletion	37,352	34,819
Depreciation	71,713	85,475
Income taxes	80,500	73,700
Pr. yr. tax adj.	d 4,701	cr 299
Net income	294,052	245,124
Earn. surplus, 1-1	1,526,939	1,544,963
Dividends	258,945	263,148
Earn. surplus, 12-31	1,562,046	1,526,939
Earn., com. share	$0.86	$0.70
No. of com. shares	341,152	351,058

Consolidated Balance Sheet, Dec. 31:

Assets:	1961	1960
Cash	$306,034	$326,671
U. S. Govt. secur.	1,392,300	2,303,284
Receivables, net	824,172	202,186
[2]Inventories	131,977	153,946
Total current	$2,654,482	$2,986,087
R. e. & coal lands	7,639,786	7,640,215
Depletion	3,697,039	3,660,046
Net rl. est., etc.	3,942,747	3,980,169
Min. plt. & equip.	2,039,713	2,217,146
Depreciation	1,714,836	1,861,332
Net plant, etc.	324,877	355,814
Non-curr. receiv.	10,115	18,567
Inv. Ky. River Coal	413,014	413,014
Other invest., cost	421,524	152,456
Deferred charges	12,088	18,613
Total	$7,778,848	$7,924,721
Liabilities:		
Accounts pay., etc.	$51,327	$84,395
Income taxes	88,000	81,200
Total current	$139,327	$165,595
[1]Common stock	1,755,290	1,755,290
Capital surplus	4,476,897	4,476,897
Earned surplus	1,562,046	1,526,939
Total	7,794,234	--------
[3]Reacq. stock	154,712	--------
Net stk. & surp.	7,639,522	--------
Total	$7,778,848	$7,924,721
Net current assets	$2,515,155	$2,820,492
Net tang. com. sh.	$22.39	$22.10

[1]351,058 no par shs. [2]Mostly lower cost (fifo) or market. [3]9,906 shs. at cost.

Capital Stock: 1. **Elk Horn Coal Corp. common; no par:**

AUTHORIZED—500,000 shares; outstanding, 341,152 shares (including 194 shares reserved for issuance under 1953 reorganization plan); in treasury, 9,906 shares; no par (stated value, $5 per share).

VOTING RIGHTS—Has one vote per share.

PREEMPTIVE RIGHTS—None.

DIVIDENDS—

1955	$0.50	1956	$0.75	1957	$0.65
1958-59	0.25	1960-61	0.75		

PRICE RANGE—	1961	1960	1959	1958	1957
High	16¾	19	23	20⅛	26¾
Low	12¾	12	14	10¼	10

Transfer Agent: Mercantile Safe Deposit & Trust Co., Baltimore.

Registrar: Maryland National Bank, Baltimore.

Dividend Disbursing Agent: Charleston National Bank, Charleston, W. Va.

EXOLON COMPANY

History: Incorporated in Massachusetts Feb. 10, 1914.

Business: Engaged in the manufacture and sale of artificial abrasives and refractories and magnetic separators.

Property: Plant at Thorold, Ontario, Canada, contains electric furnace operations which manufactures crude product; processing operations are *carried on in plant at Tonawanda, N. Y.*

Subsidiary: Norsk Exolon has 40% interest in Orkla Exolon & Co. K/S at Orkal, Norway. Manufactures silicon carbide and products.

Officers: L. E. Thayer, Chairman of Board; L. E. Thayer, Pres.; S. R. Thayer, Vice-Pres. and Treas.; W. A. Harty, Jr., Vice-Pres. and Gen. Mgr.; R. P. Harty, Vice-Pres. and Sales

1968	103½	1969	103¼	1970	103
1971	102¾	1972	102½	1973	102
1974	101½	1975	101	1976	100½

Also callable at 100 for sinking fund (which see).

…NKING FUND—Cash (or debentures) to re-…m at par on each Apr. 1, 1963-75 debentures …al to 10% of consolidated net income in …ess of $500,000, plus similar optional pay-…t.

…VERTIBLE—Into common to Apr. 1, 1971 (if called, on or before redemption date) $30.48 a share to Apr. 1, 1964 incl.; $33.33 to Apr. 1, 1967 incl. and $38.10 to Apr. 1, 1971 incl.; no adjustment made for interest or dividends; scrip or cash paid in lieu of fractional shares. Conversion privilege protected against dilution.

SECURITY—Not secured.

CREATION OF ADDITIONAL DEBT—Company or any consolidated subsidiary may not create funded debt (except for refunding) unless thereafter on consolidated basis net tangible assets at least equal 150% of funded debt. Company or any subsidiary may not mortgage property, except for intercompany pledges from a subsidiary to its parent; purchase money liens on hereafter acquired properties up to 75% of lower of cost or fair value thereof; refundings, etc.

DIVIDEND RESTRICTIONS—Company may not pay cash dividends on common which would reduce consolidated net working capital below $4,000,000 or if all dividend payments after Apr. 1, 1961 would exceed consolidated net income after June 30, 1960 plus $500,000. At June 30, 1962, $1,795,440 of retained earnings were not so restricted.

RIGHTS ON DEFAULT—Trustee or 25% of debentures may declare principal due and payable (30 days' grace for payment of interest or sinking fund).

INDENTURE MODIFICATION — Indenture may be modified, except as provided, with consent of 66⅔% of debentures.

PURPOSE—Proceeds to retire $1,580,625 5⅝% notes; for new plant facilities and working capital.

OFFERED—($4,000,000) at 102 (proceeds to company, 99) on Mar. 22, 1961 by W. E. Hutton & Co., New York; Kalman & Co., Inc., St. Paul, and associates.

PRICE RANGE—1962, 162-95; 1961, 148-102.

Capital Stock: 1. Economics Laboratory, Inc. 4½% cumulative preferred, series A; par $20:

AUTHORIZED—All series, 20,000 shares; outstanding June 30, 1962, series A, 3,980 shares; par $20.

…EFERENCES—Has preference for assets …d cumulative dividends of 90 cents per …are annually payable J&D 15.

…VIDEND RESTRICTIONS—No cash dividends may be paid on or purchase made of …/ subordinate stock, except out of earn-…gs subsequent to June 30, 1946 plus proceeds of sales of junior securities.

DIVIDEND RECORD—Initial dividend of $4 cents paid Dec. 16, 1946; regular dividends paid semi-annually thereafter.

VOTING RIGHTS—Has no voting power unless two semi-annual dividends are in default, when preferred is entitled to elect one director; if four such dividends are in default, preferred is entitled to elect a majority of directors.

LIQUIDATION RIGHTS—In liquidation, entitled to $20 per share if involuntary and to redemption price if voluntary, plus accrued dividends in either case.

PREEMPTIVE RIGHTS—None.

CALLABLE—As a whole, or in part by lot, on 30 days' notice at $20.50 per share and dividends.

Also callable for sinking fund, which see.

SINKING FUND—Annually an amount sufficient to retire 400 shares of preferred by purchase or redemption at not exceeding $20.25 per share.

OFFERED—(10,000 shares) at $20 per share flat (proceeds to company $18.50 per share) on July 24, 1946 by Kalman & Co., Inc., St. Paul.

TRANSFER AGENT AND REGISTRAR—First Trust Co., St. Paul.

DIVIDEND DISBURSING AGENT—Company.

2. Economics Laboratory, Inc., 4½% cumulative preferred, series B; par $20:

Authorized, all series, 20,000 shares; outstanding, series B, 10,000 shares; par $20. Held by Employee Retirement Trust.

Has equal preference with series A for assets and dividends. In any liquidation, entitled to $20 per share and divs. Non-callable.

3. Economics Laboratory, Inc., $4 cumulative convertible preferred; no par:

AUTHORIZED—All series, 100,000 shares; outstanding, June 30, 1962, series A, 11,818 shares.

PREFERENCES—Has equal preference with series A and B for assets and cumulative …ividends of $4 annually payable J, A J&O.

…IQUIDATION RIGHTS—In liquidating en-…tled to $105 per share.

…EEMPTIVE RIGHTS—None.

…ONVERTIBLE—Into common at $33.33 a share from Apr. 2, 1964 to Mar. 1, 1967, thereafter to Apr. 1, 1971 at $38.10.

SINKING FUND—Annually an amount sufficient to retire 500 shares at $105 a share. Amount covering shares not tendered may be returned at option of company or called commencing 1964 at 105.

ISSUED—In Sept. 1961 in exchange for stock of Klenzade Products, Inc., on basis of one preferred and 4.42 common shares for each 15 Klenzade shares.

TRANSFER AGENT AND REGISTRAR—First National Bank, St. Paul.

4. Economics Laboratory, Inc. common; par $1:

AUTHORIZED—1,000,000 shares; outstanding, June 30, 1962, 599,165 shares; reserved for options, 42,126 shares; reserved for conversion of debentures, 116,273 shares; par $1.

No par shares split 4-for-1 in Dec., 1952, changed from no par to $1 par on Nov. 8, 1956, one additional share issued for each share held to effect 2-for-1 split.

DIVIDEND LIMITATIONS — See debentures and preferred above.

PREEMPTIVE RIGHTS—None.

DIVIDENDS—(calendar years since 1936):

On no par shares before 4-for-1 split:

1937	$1.00	1938	$1.25	1939	$1.35
1940	2.00	1941	3.50	1942	1.25
1943-44	2.50	1945	0.40	1946-47	0.80
1948-49	1.60	1950	2.40	1951	2.00
1952	1.00				

On no par shares after 4-for-1 split:

1953	0.50	1954	0.60	1955	0.75
1956	0.90				

On $1 par shares after 2-for-1 split:

[1]1957-61	0.80	[1]1962	1.00	[2]1963	0.25

[1]Also stock dividends: 1957 to 1960, incl., 5%; 1962, 5%.

[2]To Jan. 16.

OFFERED—(100,000 shares) $1 par common offered at $15 per share (proceeds to company, $13.75 per share) on Jan. 15, 1957 by W. E. Hutton & Co., New York, and Kalman & Co., Inc., St. Paul, and associates. Proceeds used to repay $400,000 bank loan and for expansion.

TRANSFER AGENTS — Chase Manhattan Bank, New York, and First Trust Co., St. Paul.

REGISTRARS — Chemical Bank New York Trust Co., New York and First National Bank, St. Paul.

PRICE RANGE—	1962	1961	1960	1959	1958
High	53	46½	25¼	22¾	23½
Low	28½	24¼	19	18½	13¼

Stock Options held by certain employees at June 30, 1962 on 32,492 common shares at prices from $12.10 to $35.24 per share; expire to 1967.

ELECTRONIC COMMUNICATIONS, INC.

History: Incorporated under the laws of New Jersey, May 27, 1940, as Air Associates, Inc. Represented merger and consolidation with former parent company of same name, incorporated in New York July 1, 1927; present name adopted Apr. 30, 1957.

On May 1, 1950, acquired Snyder Aircraft Corp., Chicago, now operated as a branch.

In Sept., 1953 purchased Aviation Supply Corp. at Atlanta, Ga. Municipal Airport now operated as a branch.

In 1959, acquired by exchange of stock Standard Products, Inc., Wichita, Kans. and Advanced Technology Corp., Santa Barbara, Cal.

In 1962, sold Advanced Technology Division.

On Feb. 5, 1963, sold subsidiary Air Associates, Inc., for $1,500,000 cash and about 12,000 shares of Van Dusen Aircraft Supplies 4% preferred.

Business: Operations, in military communications and aircraft supply fields, conducted by following operating divisions and subsidiaries:

St. Petersburg Division: Engineers, designs and manufactures electronic equipment, including command and control communication receivers and transmitters and other communications systems for manned aircraft, ships, missiles, etc. Substantially all of sales are to Government and principal electronics and aerospace manufacturers.

Research Div.: Operates laboratory at Timonium, Md., near Baltimore, for advanced research in communications, radar and infra red fields.

Facsimile Div.: Designs, manufactures and distributes facsimile reproduction equipment.

Standard Products, Inc.: Subsidiary manufactures seat belts, aircraft instruments, electric motors, actuators and various mechanical items.

Property: Company owns 275,000 sq. ft. plant in St. Petersburg, Fla.

Research division has leased plant of 20,000 sq. ft. at Timonium (near Baltimore), Md.

Standard Products, Inc. leases 40,000 sq. ft. in Wichita, Kans.

Regional offices located at Washington, D. C.; Dayton, North Hollywood, Cal., Rome, N. Y., Huntsville, Ala. and Lexington, Mass.

Subsidiaries (wholly-owned): Standard Products, Inc. (Kans.).

Officers: S. W. Bishop, Pres.; W. R. Yarnall, Chmn. of Bd. and Fin. Vice-Pres.; D. D. King, Vice-Pres. (Research); J. B. Williams, L. W. Wiley, Vice-Pres.; C. L. Lord, Vice-Pres., Sec. and Treas.; P. G. Hansel, Vice-Pres.; E. A. Horvath, Contr.; T. F. Peppel, E. P. T. Smith, Jr., John Ernest, Asst. Sec.

Directors: C. K. Baxter, J. B. Williams, H. A. Kroeger, W. R. Yarnall, J. P. Crawford, Jr., J. D. Kerr, E. P. T. Smith, Jr., Duncan Miller, W. D. Roosevelt, S. W. Bishop, G. R. Wilson.

General Counsel: Ballard, Spahr, Andrews & Ingersoll, Philadelphia.

Auditors: Arthur Andersen & Co.

Annual Meeting: Last Thursday in January.

No. of Stockholders, Sept. 30, 1962: Preferred, 261; common, 2,496.

No. of Employees: Sept. 30, 1962, 1,300.

Office: 1501 72nd St. No., St. Petersburg 10, Fla.

Unfilled Orders:	1962	1961
As of Sept. 30	$13,733,000	$12,331,000

Consolidated Income Account, years ended Sept. 30:

	1962	1961
Net sales	$36,885,199	$22,280,994
Costs & expenses	34,840,649	21,161,840
Depreciation	288,684	263,429
Net earnings	1,755,866	855,725
Other income, net	d 30,116	32,971
Total income	1,725,750	888,696
Interest	291,603	322,543
Income taxes	726,000	260,000
Net income	708,147	306,153
Prev. earn. surp.	2,465,022	2,182,882
Preferred divs.	23,167	24,013
Earn. surplus, 9-30	3,150,002	2,465,022
Earn., pfd. share	$18.52	$7.85
Earn., com. share	0.95	0.46
No. of pfd. shares	38,237	38,983
No. of com. shares	[1]719,728	617,482

[1]Reflects shs. sold.

Sales and Earnings, yrs. to Sept. 30 (in $):

	Net Sales	Net Income	No. of Shares	Earn. on Com.
1960	24,130,561	d 607,511	597,209	d 1.06
1959	32,771,830	855,139	590,076	1.40
1958	21,191,882	568,309	238,908	2.23
1958	21,191,882	250,418	238,908	[1]0.90
1957	16,980,451	245,311	236,733	[1]0.88
1956	14,237,111	95,986	235,933	[1]0.25
1955	12,587,052	54,051	235,033	[1]0.07
1954	18,233,740	344,311	235,033	[1]1.31
1953	19,034,877	141,659	234,522	[1]0.44
1952	16,244,452	46,695	234,522	0.03
1951	11,494,502	83,971	139,297	0.45

[1]Disregarding preferred arrears.

Adjusted earns. & shs. for stk. splits & stk. divs.:

Earnings ($): 1958, 1.49; 1957, 0.60; 1956, 0.59; 1955, 0.17; 1954, 0.87; 1953, 0.29; 1952, 0.02; 1951, 0.30.

Shares: 1958, 358,362; 1957, 355,100; 1956, 353,900; 1955-54, 352,550; 1953-52, 351,783; 1951, 208,946.

Consolidated Balance Sheet, as of Sept. 30:

Assets:	1962	1961
Cash	$1,139,668	$987,849
Receivables, net	6,939,567	5,994,977
[2]Inventories	6,156,909	5,397,426
Prepayments	258,900	188,375
Total current	$14,495,044	$12,568,627
[1]Net property	3,143,924	2,764,389
Total	$17,638,968	$15,333,016
Liabilities:		
Accts. payable	$3,407,590	$2,383,218
Notes payable	2,860,770	4,029,750
Accrued tax, etc.	407,647	346,672
Income tax res.	544,637	526,336
Debt due	60,467	68,814
Total current	$7,281,111	$7,354,790
Notes, etc., pay.	1,032,216	1,055,141
6% pfd. stk. ($10)	382,370	389,830
Common stk. ($1)	719,728	617,482
Capital surplus	5,073,541	3,450,751
Earned surplus	3,150,002	2,465,022
Total	$17,638,968	$15,333,016
Net current assets	$7,213,933	$5,213,837
Net tang. com. sh.	$12.43	$10.58
[1]Depreciation	$1,513,423	$1,367,986

[2]Lower cost (fifo) or mkt.

V-Loan: Outstanding, Sept. 30, 1962, $2,700,000 under V-loan agreement dated June 28, 1951, as amended, which provides for revolving credit of $5,000,000 to Feb. 28, 1963, evidenced by promissory notes with interest at 6%. Loan is 70% guaranteed by Air Force.

Company agrees to maintain net current assets of at least $5,000,000. Except with consent of lenders, company may not pay cash dividends on common or reacquire any stock.

Term Loans: Outstanding, Sept. 30, 1962, $1,032,216, evidenced by 4% promissory note payable annually to 1965; 6½% first mortgage note payable monthly to Aug., 1975, and unsecured 5% note of subsidiary payable $5,000 quarterly to 1963.

Capital Stock: 1. Electronic Communications, Inc. 6% cumulative convertible preferred; par $10:

AUTHORIZED—200,000 shares; outstanding, Sept. 30, 1962, 38,237 shares; par $10.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of 60 cents per share annually payable quarterly Jan. 15, etc., to stock of record about Jan. 2, etc.

1963

and Treas.; P. G. Hansel, Vice-Pres.; E. A. Horvath, Contr.; T. F. Peppel, E. P. T. Smith, Jr.; John Ernest, Asst. Sec.

Directors: C. K. Baxter, J. B. Williams, H. A. ...oeger, W. R. Yarnall, J. P. Crawford, Jr., ... D. Kerr, E. P. T. Smith, Jr., Duncan ...ller, W. D. Roosevelt, S. W. Bishop, G. R. ...ilson.

General Counsel: Ballard, Spahr, Andrews ...ngersoll, Philadelphia.

Auditors: Arthur Andersen & Co.

Annual Meeting: Last Thursday in January.

No. of Stockholders, Sept. 30, 1962: Preferred, 261; common, 2,496.

No. of Employees: Sept. 30, 1962, 1,300.

Office: 1501 72nd St. No., St. Petersburg 10, Fla.

Unfilled Orders:

	1962	1961
As of Sept. 30	$13,733,000	$12,331,000

Consolidated Income Account, years ended Sept. 30:

	1962	1961
Net sales	$36,885,199	$22,280,994
Costs & expenses	34,840,649	21,161,840
Depreciation	288,684	263,429
Net earnings	1,755,866	855,725
Other income, net	d 30,116	32,971
Total income	1,725,750	888,696
Interest	291,603	322,543
Income taxes	726,000	260,000
Net income	708,147	306,153
Prev. earn. surp.	2,465,022	2,182,882
Preferred divs.	23,167	24,013
Earn. surplus, 9-30	3,150,002	2,465,022
Earn., pfd. share	$18.52	$7.85
Earn., com. share	0.95	0.46
No. of pfd. shares	38,237	38,983
No. of com. shares	[1]719,728	617,482

[1]Reflects shs. sold.

Sales and Earnings, yrs. to Sept. 30 (in $):

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[1]Disregarding preferred arrears.

Adjusted earns. & shs. for stk. splits & stk. divs.:

Earnings ($): 1958, 1.49; 1957, 0.60; 1956, 0.59; 1955, 0.17; 1954, 0.87; 1953, 0.29; 1952, 0.02; 1951, 0.30.

Shares: 1958, 358,362; 1957, 355,100; 1956, 353,-...; 1955-54, 352,550; 1953-52, 351,783; 1951, 208,946.

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Term Loans: Outstanding, Sept. 30, 1962, $1,032,216, evidenced by 4% promissory note payable annually to 1965; 6½% first mortgage note payable monthly to Aug., 1975, and unsecured 5% note of subsidiary payable $5,000 quarterly to 1963.

Capital Stock: 1. Electronic Communications, Inc. 6% cumulative convertible preferred; par $10:

AUTHORIZED—200,000 shares; outstanding, Sept. 30, 1962, 38,237 shares; par $10.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of 60 cents per share annually payable quarterly Jan. 15, etc., to stock of record about Jan. 2, etc.

DIVIDEND RECORD—Initial dividend of 15 cents paid Oct. 15, 1951; 1952, 60 cents; 1953, none; 1954, 45 cents; 1955, 90 cents; none thereafter to June 12, 1959, when $2.55 was paid (clearing arrears); regular quarterly dividends thereafter.

VOTING RIGHTS—Has no voting power except as provided by law.

LIQUIDATION RIGHTS—In any liquidation entitled to $10 per share and dividends.

PREEMPTIVE RIGHTS—None.

CONVERTIBLE—Into common at any time, 1.575 common shares for each preferred share, with no adjustment of dividends. Conversion rights subject to adjustment in certain events.

CALLABLE—As a whole, or in part by lot, at $10 per share and dividends at any time (to close of business on day preceding redemption) on at least 60 days' mailed notice.

ISSUED—(138,812 shares) on Aug. 1, 1951 as a stock dividend to common stockholders share for share.

PRICE RANGE—	1962	1961	1960	1959	1958
High	28	37	37	52	31½
Low	18	27	27	29	12½

2. Electronic Communications, Inc. common; par $1:

AUTHORIZED—1,000,000 shares; outstanding, Dec. 31, 1962, 755,809 shares; in treasury, 37 shares; reserved for conversion of preferred (No. 1), 60,224 shares; for options, 61,403 shares; par $1.

At Dec. 1, 1962, Donner Corp. owned 268,244 shares (35.5%).

VOTING RIGHTS—Has full voting power.

PREEMPTIVE RIGHTS—None.

DIVIDENDS—(calendar years):

1937	$0.50	1938	$0.47½	1939	$0.50
1940	0.75	1941	0.37½	1942	0.12½
1943-46	1.00	1947	0.10	1948-49	Nil
1950	0.10	1951	[1]0.30	1952	0.40
1953-58	nil	1959	[2]--	1960-61	nil
1962	[2]--				

[1]Also one share of 6% preferred stock for each share held.

[2]Also stock dividends: 1959, 50%; 1962, 5%.

DIVIDEND RESTRICTION — See V-loan above.

OFFERED—(25,000 common shares) at $8.50 per share in May, 1937, by Robinson, Miller & Co., Inc., and Cohu Brothers, New York.

(20,000 shares) at $9.50 per share on Nov. 30, 1951 by Bioren & Co. and Stroud & Co., Inc., both in Philadelphia, Pa.

(100,000 shares) at $18.75 per share (proceeds to company, $17.25 a share) on Nov. 14, 1958, by Laird & Co., Corp., Wilmington, and associates.

(100,000 shares) at $18.75 a share on Dec. 20, 1961, by Laird & Co. Corp., Wilmington, Del. and associates.

LISTED—On American Stock Exchange.

PRICE RANGE—	1962	1961	1960	[1]1959	1958
High	24¼	29⅝	35½	37¾	32½
Low	9⅞	16⅞	16	17	10

[1]After stock dividend; before, 44¾-28⅜.

Transfer and Dividend Disbursing Agent: Registrar & Transfer Co., New York, and Jersey City, N. J.

Registrar: Chemical Bank New York Trust Co., New York.

Stock Options held by officers and key employees at Sept. 30, 1962 on 47,183 common shares at from $6.27 to $29.75 a share expire in 1969.

FRANKLIN ELECTRIC CO., INC.

History: Incorporated in Indiana Nov. 12, 1946.

Business: Company makes general purpose and submersible motors.

Property: Company leases 180,000 sq. ft. plant in Bluffton, Ind. from subsidiary and owns 90,000 sq. ft. of office and warehouse space. Also leases 50,000 sq. ft. branch factory at Siloam Springs, Ark.

Subsidiary: Bluffton Building, Inc. (wholly-owned).

Affiliate: Company owns 50% interest in Franklin Electric (Aust.) Pty. Ltd.

Directors: E. J. Schaefer, Pres. and Treas.; R. P. Nixon, Vice-Pres. and Sec.; T. W. Kehoe, Mentor Kraus, Mrs. E. J. Schaefer.

Other Officers: C. J. Balentine, A. C. BeVier, Vice-Pres.

Auditors: Detmer, Lipp & Co.

General Counsel: Mentor Kraus, Fort Wayne, Ind.

Purchasing Agent: R. Kenehan.

No. of Stockholders, Nov. 30, 1962: Preferred, 356; common, 671.

No. of Employees: Nov. 30, 1962, 860.

Office: Bluffton, Ind.

Consolidated Income Account, years ended:

	Nov. 24,'62	Nov. 25,'61
Net sales	$14,281,085	$13,730,578
Cost of sales	11,871,957	11,091,480
Selling, etc., exp.	1,137,382	1,160,844
Operating profit	1,271,746	1,478,255
Other deduct., net	56,419	8,078
Fed. inc. taxes	602,867	762,645
[1]**Net income**	612,460	707,532
Prev. ret. earn.	2,346,302	2,385,911
Preferred divs.	63,245	63,245
Com. divs. (stk.)	555,211	690,694
Pr. yrs. inc. tax	--------	cr 6,798
Retained earn.	2,340,306	2,346,302
Earn., com. share	$1.13	[2]$1.42
No. of com. shares	[3]484,588	[2]455,158

[1]Aft. $678,297 (1961, $508,263) deprec. amort. [2]$1.34 on 482,450 shs. adj. for 3% stk. divs. 6/62 & 12/62. [3]Reflects 3% stk. div. 12/62.

Condensed Consolidated Balance Sheet:

Assets:	Nov. 24,'62	Nov. 25,'61
Cash	$791,950	$915,949
Receivable, net	1,902,635	1,481,152
[1]Inventories	3,738,765	3,915,096
Total current	$6,433,350	$6,312,198
Net property	3,468,523	3,215,353
Other assets	152,428	100,669
Deferred charges	315,447	359,814
Total	$10,369,748	$9,988,033
Liabilities:		
Notes, etc., pay.	$158,263	$156,806
Accounts payable	399,329	564,680
Accrued taxes, etc.	1,014,609	859,877
Divs. payable	36,125	38,997
Total current	$1,608,326	$1,620,361
Notes, etc., pay.	2,035,553	2,193,816
5% pfd. stk. ($100)	1,264,900	1,264,900
[3]Common stock	3,321,656	2,850,154
Retained earnings	2,340,306	2,346,302
Total	6,926,862	6,461,356
[2]Reacq. stock	200,993	287,500
Net stk. & surp.	6,725,869	6,173,857
Total	$10,369,748	$9,988,033
Net current assets	$4,825,024	$4,691,837
Net tang. com. sh.	$11.27	[4]$10.79

[1]Lower cost or mkt. [2]32,159 (1961, 46,000) shs. at cost. [3]516,747 (1961, 501,158) no par shs. [4]$10.18 adj. for stk. divs. 6/62 & 12/62.

Term Loan: Outstanding, Nov. 24, 1962, $2,-080,000 notes payable $120,000 annually to Oct. 30, 1966 and $160,000 to Oct. 30, 1976. Company may not pay cash dividends in excess of earned surplus after Nov. 30, 1960 and unless current ratio is at least 2 to 1 and net current assets at least $3,600,000.

Subsidiary Mortgage Debt: Outstanding, Nov. 24, 1962, (1) $90,511 4¾% notes payable $8,836 quarterly to July 1, 1965 and (2) $23,304 4% notes payable $1,665 quarterly to May 23, 1966.

Capital Stock: 1. Franklin Electric Co. Inc. 5% cumulative first preferred, 1956 and 1958 series; par $100:

AUTHORIZED—All series, 30,000 shares; outstanding, Nov. 25, 1961, 1956 series 10,000 shares; 1959 series, 2,649 shares; par $100. Held privately.

MATURITY—1956 series Jan. 15, 1971; 1959 series, Jan. 15, 1974.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of $5 a share annually, payable quarterly.

DIVIDEND RECORD — Regular dividends paid.

DIVIDEND RESTRICTIONS—Company may not pay cash dividends on common unless thereafter ratio of net worth to par value of preferred outstanding is 3 to 1.

VOTING RIGHTS—None, except on default of 4 consecutive quarterly dividends when it elects one-third of directors. Consent of majority of preferred required to change terms adversely.

LIQUIDATION RIGHTS—In liquidation, entitled to redemption price.

CALLABLE—At $100 per par share plus dividends.

PREEMPTIVE RIGHTS—None.

2. Franklin Electric Co., Inc. common, no par: Authorized, 600,000 shs.: outstanding, Dec. 31, 1962, 484,588 shs.; in treasury, 32,159 shs.; reserved for options, 3,540 shs., no par.

E. J. Schaefer; T. W. and Ruth Kehoe own 54.2% of common shares.

Has sole voting power, with one vote per sh. (see preferred above). No preemptive rights. For div. restrictions, see preferred and term loan above.

Dividends (calendar years): 1959 to 1962, incl., 6% in stock each year.

Offered (40,000 shares) at $18 a share on June 24, 1959 by Fulton Reid & Co., Inc., Cleveland, and associates. Offering included 20,000 shares for company account.

Transfer Agent and Registrar: Lincoln National Bank & Trust Co., Fort Wayne, Ind.

Price Range:	1962	1961	1960	1959
High	29	29½	28	21¼
Low	14½	20½	20¾	18

Stock Options held by certain officers and employees at Nov. 24, 1962, on 3,540 common shares at prices from $17 to $26 a share expire in 1972.

FRESNILLO CO.

History: Incorporated Sept. 8, 1910, in New York.

Business: Owns 49% interest in mining operations in Mexico treating lead, zinc, copper, silver and gold ores. Operations were "Mexicanized" Aug. 31, 1961, by transfer of ownership of 51% of Mexican assets to Mexican Nationals. Company now owns 49% of stock of Cia. Fresnillo, S.A. (operating company), and 49% of Zimapan, S.A., Cia. Minera Nueva Esperanza, S.A., Minas de Durango, S.A. de C.V., and Cia. Nacional Minera, S.A. (latter companies lease properties to Cia. Fresnillo, S.A.); remaining 51% of above owned by Metalurgica Mexicana Penoles, S.A.

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semi-annually 1965-70, (2) $1,333,333 5¾% notes payable due 1969. Company may not cash dividends subsequent to Oct. 31, 1962 in excess of $600,000 plus consolidated net income as defined in agreement.

At Oct. 31, 1963, $1,000,414 was not restricted.

Also outstanding, $3,292,566 4% to 7% subsidiary notes and mortgages payable maturing ...pr. 1976.

...ital Stock: General Cinema Corp. com... no par:

...HORIZED—1,470,000 shares; outstanding, ... 31, 1963, 919,802.5 shares; in treasury, ... shares; no par.

...NG RIGHTS—Has one vote per share.

P...EMPTIVE RIGHTS—None.

DIVIDENDS—(calendar years):

1960	$0.25	1961-63	$0.50	[1]1964	$0.25

[1]To May 29.

DIVIDEND RESTRICTIONS—See long term debt above.

TRANSFER AGENT AND DIVIDEND DISBURSING AGENT—Old Colony Trust Co., Boston.

REGISTRAR—First National Bank, Boston.

OFFERED—(180,000 shares) at $12.50 a share on June 30, 1960 by Paine, Webber, Jackson & Curtis.

PRICE RANGE—	1963	1962	1961	1960
High	10¾	14	20½	13⅛
Low	7⅞	7¼	12⅝	10¾

Stock Option. held by employees at Oct. 31, 1963 on 31,500 shares at $8 to $16 per share expire Dec. 18, 1968.

ELECTRONIC COMMUNICATIONS, INC.

History: Incorporated under the laws of New Jersey, May 27, 1940, as Air Associates, Inc. Represented merger and consolidation with former parent company of same name; incorporated in New York July 1, 1927; present name adopted Apr. 30, 1957.

On May 1, 1950, acquired Snyder Aircraft Corp., Chicago, now operated as a branch.

In Sept., 1953 purchased Aviation Supply Corp. at Atlanta, Ga. Municipal Airport now operated as a branch.

In 1959, acquired by exchange of stock Standard Products, Inc., Wichita, Kans. and Advanced Technology Corp., Santa Barbara, Cal.

In 1962, sold Advanced Technology Division.

On Feb. 5, 1963, sold subsidiary Air Associates, Inc., for $1,500,000 cash and about 12,000 shares of Van Dusen Aircraft Supplies 4% preferred.

During 1963 acquired over 80% of stock ...Benson Mfg. Co. (see appended statement); also acquired Wichita (Kans.) Division ... Humphrey, Inc., now operated as part ...andard Precision, Inc. and assets of ...onic Instruments for Research, Inc. ... operations are at Research Division in ...ium.

B...iness: Operations, in military communications and aerospace fields, conducted by following operating divisions and subsidiaries:

St. Petersburg Division: Engineers, designs and manufactures electronic equipment, including command and control communication receivers and transmitters and other communications systems for manned aircraft, ships, missiles, etc. Substantially all of sales are to Government and principal electronics and aerospace manufacturers.

Research Div.: Operates laboratory at Timonium, Md., near Baltimore, for advanced research in communications, radar and infra red fields; also manufactures and distributes instruments used in medical and clinical research.

Standard Precision, Inc. (formerly Standard Products, Inc.): Subsidiary manufactures seat belts, aircraft instruments, electric motors, actuators and various mechanical items; also facsimile reproduction equipment.

Property: Company owns 350,000 sq. ft. plant in St. Petersburg, Fla.

Research division has leased plant of 20,000 sq. ft. at Timonium (near Baltimore), Md.

Standard Precision, Inc. leases 40,000 sq. ft. and owns 55,000 sq. ft. in Wichita, Kans.

Regional offices located at Washington, D. C.; Dayton, North Hollywood, Cal., Rome, N. Y., Huntsville, Ala. and Lexington, Mass.

Subsidiaries: Standard Precision, Inc. (Kans.); Benson Mfg. Co. (Mo.), (80% owned) see appended statement.

Officers: S. W. Bishop, Pres.; W. R. Yarnall, Chmn. of Bd. and Fin. Vice-Pres.; D. D. King, Vice-Pres. (Research); J. B. Williams, L. W. Willey, Vice-Pres.; C. L. Lord, Vice-Pres., Sec. and Treas.; P. G. Hansel, Vice-Pres.; H. E. Owens, T. F. Peppel, E. P. T. Smith, Jr., John Ernest, Asst. Sec.

Directors: C. K. Baxter, J. B. Williams, H. A. Kroeger, W. R. Yarnall, J. P. Crawford, Jr., ... Kerr, E. P. T. Smith, Jr., Duncan ... W. D. Roosevelt, S. W. Bishop, G. R. ...

...ral Counsel: Ballard, Spahr, Andrews ...rsoll, Philadelphia.

... ferred, 275; common, 2,800.

No. of Employees: Sept. 30, 1963, 1,500.

Office: 1501 72nd St., No., St. Petersburg 10, Fla

Unfilled Orders:	1963	1962
As of Sept. 30	$22,000,000	$13,733,000

Consolidated Income Account, years ended

Sept. 30:	[1]1963	1962
Net sales	$19,008,639	[4]$36,885,199
Costs & expenses	17,733,225	34,840,649
Depreciation	361,619	288,684
Net earnings	913,795	1,755,866
Other income, net	131,065	d 30,116
Total income	1,044,860	1,725,750
Loss disc. oper.	13,448	------
Interest	237,637	291,603
Income taxes	380,000	726,000
Net income	413,775	708,147
Prev. earn. surp.	3,150,002	2,465,022
Preferred divs.	22,789	23,187
Com. divs. (cash)	37,856	------
Com. divs. (stk.)	553,285	------
Debit	[5]106,719	------
Earn. surplus, 9-30	2,843,128	3,150,002
Earn., pfd. share	$10.93	$18.52
Earn., com. share	0.52	[2]0.95
Cash flow, com. sh.	1.00	[3]1.35
No. of pfd. shares	37,840	38,237
No. of com. shares	757,124	[2]719,728

[1]Incl. Benson Mfg. Co. from date of acq. Aug. 20, 1963. [2]$0.91 on 755,714 shs. adj. for 5% stk. div. 10/62. [3]$1.29 adj. for stk. div. [4]$28,127,053 excl. Air Associates, Inc. liq. in 1963. [5]Loss on sale of net assets and liquid. of wholly-owned sub., net of applic. inc. tax.

Note: Company subject to renegotiation.

Sales and Earnings, yrs. to Sept. 30 (in $):

	Net Sales	Net Income	No. of Shares	Earn. on Com.
1961	22,280,994	306,153	617,482	0.46
1960	24,130,561	d 607,611	597,209	d 1.08
1959	32,771,830	855,139	590,076	1.40
1958	21,191,882	568,309	238,908	2.23
1958	21,191,882	250,418	238,908	[1]0.90
1957	16,980,451	245,311	236,733	[1]0.88
1956	14,237,111	95,986	235,933	[1]0.25
1955	12,587,052	54,051	235,033	[1]0.07
1954	18,233,740	344,311	235,033	[1]1.31
1953	19,034,877	141,659	234,522	[1]0.44

[1]Disregarding preferred arrears.

Adjusted earns. & shs. for stk. splits & stk. divs.:

Earnings ($): 1962, 0.91; 1961, 0.44; 1960, d 1.01; 1959, 1.33; 1958, 1.43; 1957, 0.57; 1956, 0.56; 1955, 0.16; 1954, 0.82; 1953, 0.27; 1952, 0.02.

Shares: 1962, 755,714; 1961, 648,356; 1960, 627,069; 1959, 619,580; 1958, 376,280; 1957, 372,855; 1956, 371,595; 1955-54, 370,178; 1953-52, 369,372.

Consolidated Balance Sheet, as of Sept. 30:

Assets:	1963	1962
Cash	$1,287,660	$1,139,668
Pfd. stk. invest.	250,000	------
Receivables, net	6,428,700	6,939,567
[2]Inventories	3,486,522	6,156,909
Prepayments	248,240	258,900
Total current	$11,701,122	$14,495,044
[1]Net property	4,907,283	3,143,924
Investment	900,700	------
Exc. invest. cost	540,615	------
Unam. debit disc.	189,406	------
Total	$18,239,126	$17,638,968
Liabilities:		
Accts. payable	$1,820,038	$3,407,590
Notes payable	2,030,000	2,860,770
Accrued tax, etc.	664,900	407,647
Income tax res.	161,817	544,637
Debt due	175,239	60,467
Total current	$4,851,994	$7,281,111
Deb. 6s, 1971	1,873,000	------
Notes, etc., pay.	1,937,200	1,032,216
6% pfd. stk. ($10)	378,400	382,370
Common stk. ($1)	757,124	719,728
Capital surplus	[4]5,598,280	5,073,541
Earned surplus	2,843,128	3,150,002
Total	$18,239,126	$17,638,968
Net current assets	$6,849,128	$7,213,933
Net tang. com. sh.	$11.44	[3]$12.43
[1]Depreciation	$4,611,632	$1,518,423

[2]Lower cost (fifo) or mkt. [3]$11.83 adj. for stk. div. [4]After cred. $517,299 on stk. div. and $7,440 misc. credits.

V-Loan: Outstanding, Sept. 30, 1963, $2,000,000; under V-loan agreement dated June 28, 1951, as amended, which provides for revolving credit of $5,000,000 to Feb. 28, 1964, evidenced by promissory notes with interest at 6%. Loan is 70% guaranteed by Air Force.

Company agrees to maintain net current assets of at least $5,000,000. Except with consent of lenders, company may not pay cash dividends on common or reacquire any stock except that dividends may be paid in any year in an amount not to exceed 50% of consolidated net income or $250,000 whichever is lower.

Term Loans: Outstanding, Sept. 30, 1963, $1,937,200 evidenced by 6½% first mortgage note payable monthly to Mar., 1975; 5% first mortgage note payable $17,750 annually to Aug., 1967, and unsecured 6% note of subsidiary payable $5,000 quarterly to Sept., 1966.

ferred; par $10:

AUTHORIZED—200,000 shares; outstanding, Sept. 30, 1963, 37,840 shares; par $10.

PREFERENCES—Has preference for assets and dividends.

DIVIDEND RIGHTS—Entitled to cumulative dividends of 60 cents per share annually payable quarterly Jan. 15, etc., to stock of record about Jan. 2, etc.

DIVIDEND RECORD—Initial dividend of 15 cents paid Oct. 15, 1951; 1952, 60 cents; 1953, none; 1954, 45 cents; 1955, 90 cents; none thereafter to June 12, 1959, when $2.55 was paid (clearing arrears); regular quarterly dividends thereafter.

VOTING RIGHTS—Has no voting power except as provided by law.

LIQUIDATION RIGHTS—In any liquidation entitled to $10 per share and dividends.

PREEMPTIVE RIGHTS—None.

CONVERTIBLE—Into common at any time, 1.575 common shares for each preferred share, with no adjustment of dividends. Conversion rights subject to adjustment in certain events.

CALLABLE—As a whole, or in part by lot, at $10 per share and dividends at any time (to close of business on day preceding redemption) on at least 60 days' mailed notice.

ISSUED—(138,812 shares) on Aug. 1, 1951 as a stock dividend to common stockholders share for share.

PRICE RANGE—	1963	1962	1961	1960	1959
High	17	28	37	37	52
Low	15	18	27	27	29

2. Electronic Communications, Inc. common; par $1:

AUTHORIZED—1,000,000 shares; outstanding, Sept. 30, 1963, 757,124 shares; in treasury, 87 shares; reserved for conversion of preferred, 59,598 shares; for options, 53,592 shares; par $1.

At Dec. 1, 1963, Donner Corp. owned 268,244 shares (35.4%).

VOTING RIGHTS—Has full voting power.

PREEMPTIVE RIGHTS—None.

DIVIDENDS—(calendar years):

1937	$0.50	1938	$0.47½	1939	$0.50
1940	0.75	1941	0.37½	1942	0.12½
1943-46	1.00	1947	0.10	1948-49	Nil
1950	0.10	1951	[1]0.30	1952	0.40
1953-58	nil	1959	[2]--	1960-61	nil
1962	[2]--	1963	0.05	[3]1964	0.10

[1]Also one share of 6% preferred stock for each share held.

[2]Also stock dividends: 1959, 50%; 1962, 5%.

[3]To Apr. 16.

DIVIDEND RESTRICTION — See V-loan above.

OFFERED—(25,000 common shares) at $8.50 per share in May, 1937, by Robinson, Miller & Co., Inc., and Cohu Brothers, New York.

(20,000 shares) at $9.50 per share on Nov. 30, 1951 by Bioren & Co. and Stroud & Co., Inc., both in Philadelphia, Pa.

(100,000 shares) at $18.75 per share (proceeds to company, $17.25 a share) on Nov. 14, 1958, by Laird & Co., Corp., Wilmington, and associates.

(100,000 shares) at $18.75 a share on Dec. 20, 1961, by Laird & Co. Corp., Wilmington, Del. and associates.

LISTED—On American Stock Exchange.

PRICE RANGE—	1963	1962	1961	1960	[1]1959
High	14⅞	24¼	29⅝	35½	37¾
Low	9¼	9⅞	16⅞	16	17

[1]After stock dividend; before, 44¾-28⅜.

Transfer and Dividend Disbursing Agent: Registrar & Transfer Co., New York, and Jersey City, N. J.

Registrar: Chemical Bank New York Trust Co., New York.

Stock Options held by officers and key employees at Sept. 30, 1963 on 53,592 common shares at from $6.29 to $28.34 a share expire in 1969.

BENSON MANUFACTURING CO.

(Controlled by Electronic Communications, Inc.)

History: Incorporated in Missouri in Nov. 1928 as Benson Brass & Chandelier Works, Inc. which was established in 1907; present name adopted in June, 1937.

Business: Company designs and fabricates precision metal products made from aluminum, stainless steel, magnesium, titanium, bronze and alloys capable of withstanding intense heat and extreme stresses required in rockets, missiles and supersonic aircraft. Also manufactures blowers and air and gas moving components for missile, rocket, electronic and building industries and metal drums and barrels for the brewing industry.

Property: Company has two plants in Kansas City, Mo., of which 228,600 sq. ft. owned and leases 100,000 sq. ft. of warehouse space in Kansas City.

Officers: A. J. Benson, Chmn.; E. B. Benson, Vice-Chmn.; T. M. Nolan, Pres.; E. H. Benson, J. P. Hanlon, Jr., Vice-Pres.; E. L. Benson, Vice-Pres. and Sec.; J. E. Adams, Treas.

Directors: A. J. Benson, E. H. Benson, E. B. Benson, E. L. Benson, M. D. Blackwell, S. D. Fuller, T. M. Nolan.

Auditors: Peat, Marwick, Mitchell & Co.

General Counsel: Caldwell, Blackwell, Sanders & Matheny, Kansas City.

No. of Stockholders: Dec. 31, 1962: Preferred, 16; common, 785.

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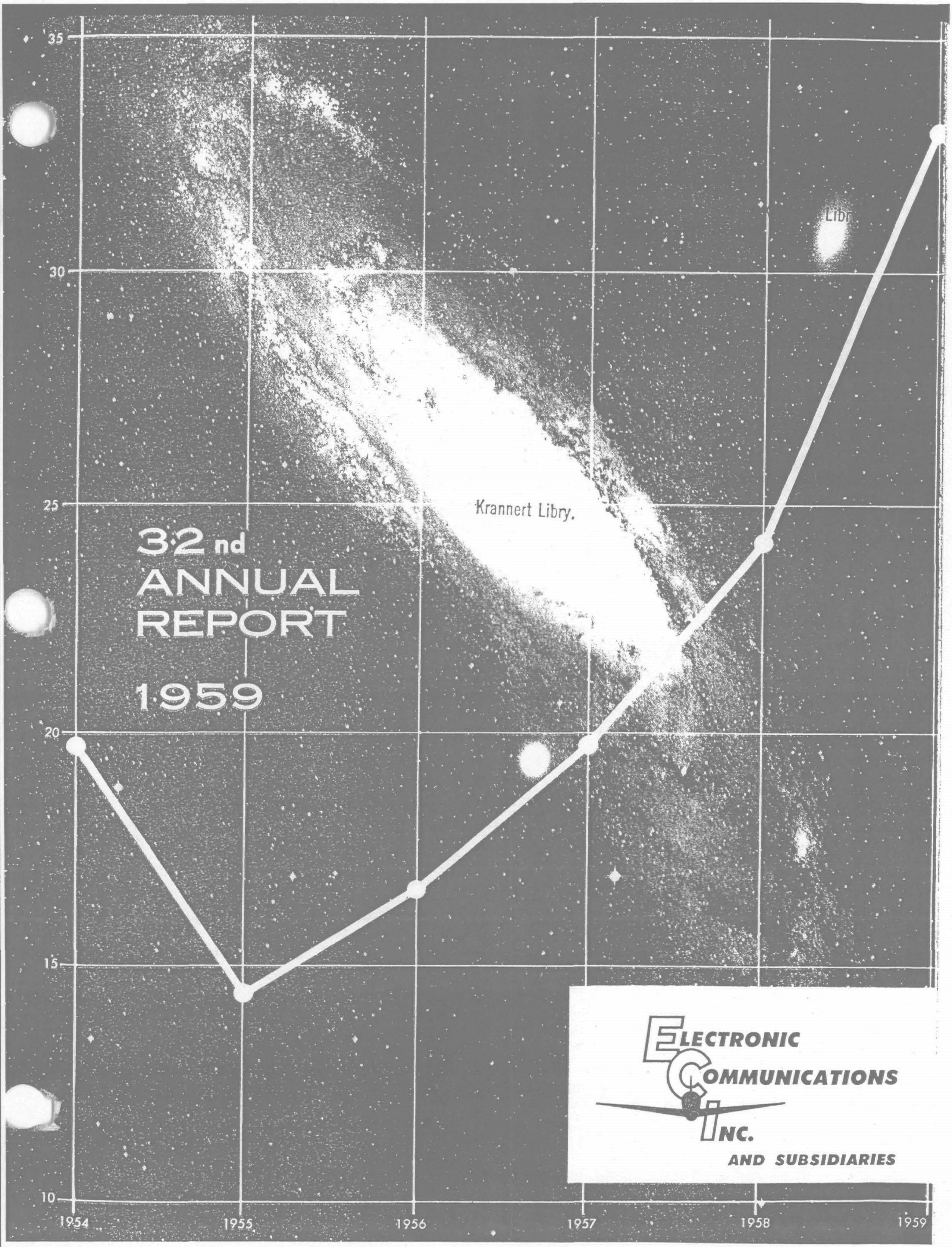


ELECTRONIC COMMUNICATIONS INC.

AND SUBSIDIARIES

ELECTRONIC COMMUNICATIONS, INC.
AND SUBSIDIARIES

A SPOT COMPARISON

	1959	1958	1957	1956
Electronic sales	$21,458,991	$12,486,967	$ 4,687,007	$ 3,000,746
Aircraft supplies and other sales	11,312,839	11,362,364	15,061,172	13,537,805
Total sales	$32,771,830	$23,849,331	$19,748,179	$16,538,551
Manufacturing costs, selling and administrative expenses	30,773,377	23,335,672	18,864,465	16,043,533
Interest paid	295,406	389,949	252,242	169,876
Net income	855,139	424,353*	334,814	287,965*
Current assets	13,843,349	11,942,181	10,315,500	8,548,379
Current liabilities	8,999,061	9,329,775	7,743,889	5,950,460
Net current assets	4,844,288	2,612,406	2,571,611	2,597,919
Net worth	6,892,678	4,343,777	3,319,920	3,727,900
Number of preferred shares	44,290	58,816	60,891	61,691
Number of common shares	590,076	398,120	394,857	393,657
Per common share (after requirements of preferred stock):				
Net income and special items	$ 1.40	$ .98	$ .76	$ .64
Net current assets	7.46	4.77	4.74	4.89
Net worth	10.93	9.12	6.63	7.76
Notes payable	2,773,620	6,407,826	5,706,413	4,371,734

cludes special items amounting to $317,891 in 1958 and $79,262 in 1956.

annual report 1959

REGIONAL OFFICES:

Washington, D. C. — Teterboro, N. J. —
Dayton, Ohio — Boston, Mass. — Dallas, Texas —
North Hollywood, Calif.

AIR ASSOCIATES DIVISION:

Sales and Warehouse Locations: Teterboro, N. J. —
Chicago, Ill. — Atlanta, Ga. — Miami, Fla. —
Dallas, Texas — Columbus, Ohio —
Glendale, Calif. — San Francisco, Calif. —
Wichita, Kans. — Kansas City, Kans. —
Tulsa, Okla.

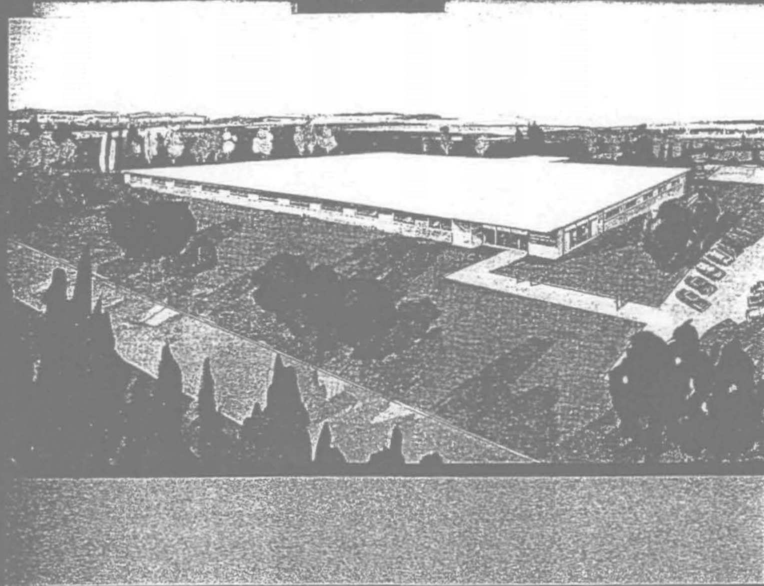
Sales Representation at: Boston, Mass. —
Denver, Colo. — Houston, Texas —
Seattle, Wash.

RESEARCH DIVISION:

Timonium, Md.

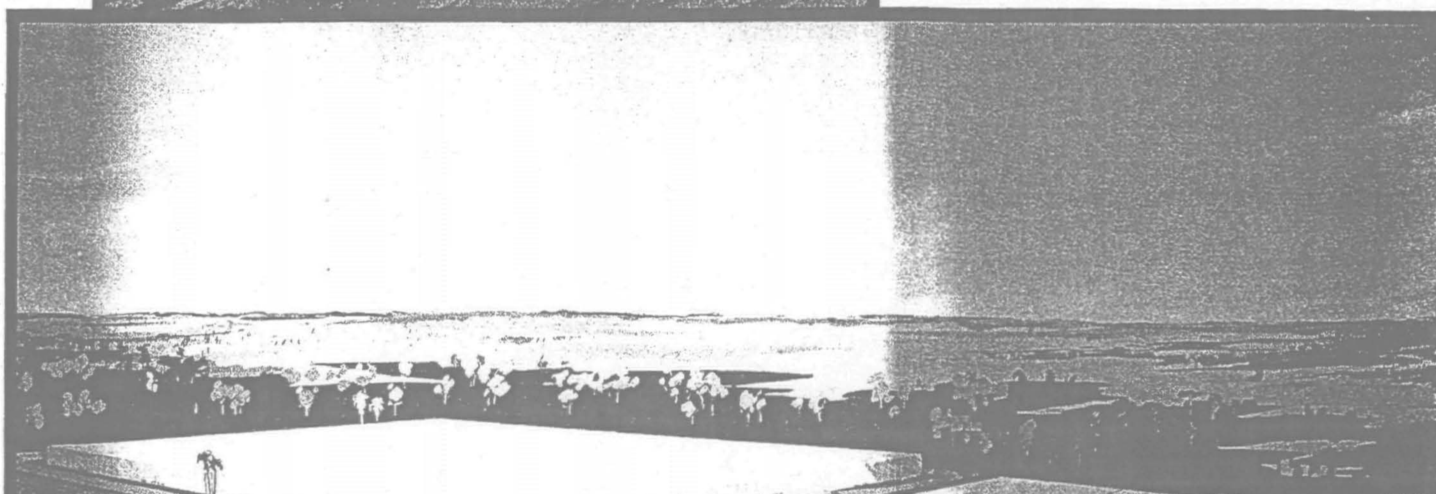
ADVANCED TECHNOLOGY CORPORATION:

Santa Barbara, Calif.



Research Division,
Timonium, Maryland,
(Near Baltimore)

Advanced Technology Corporation
Santa Barbara, California



Engineering and Manufacturing Facilities
St. Petersburg, Florida

THE PRESIDENT'S MESSAGE

To the Stockholders:

This thirty-second annual report shows that for the fiscal year ending September 30, 1959 your Company had record total sales of $32,771,830, an increase of $8,922,499 over the previous fiscal year, and net earnings were $1.40 per share after payment of dividends on the preferred stock. In November 1958, 100,000 new common shares were sold, and subsequently a common stock distribution of 50 percent was made, increasing the outstanding common stock to 590,076 shares, on which number of shares the reported net earnings per share for the fiscal year 1959 are based.

In November 1959, the Company concluded price redetermination proceedings on a major contract, requiring a retroactive adjustment of 1958 results. This has been reflected in the re-stated income report for that year as set forth in the financial statements contained in this report. Because of the severe interpretation of rules imposed upon the Company in the establishment of the final price under this price redeterminable contract, it was deemed advisable to increase further the reserve for similar contracts not yet redetermined.

The backlog of unfilled orders at the close of this fiscal year amounted to $10,726,000. This does not yet reflect results from the high level of negotiation activity reported upon in a recent quarterly letter. This will be new business that broadens our product lines and will be distributed among a number of customers. A considerable number of contracts, both large and small, are in advanced negotiation stages.

For the next year, activity in the St. Petersburg Division will change from principally manufacturing to a much larger engineering effort, in preparation for new production demands. The Engineering Department is being strengthened with management additions and new personnel as rapidly as they can be assimilated.

In May, ground was broken for the construction of a new manufacturing building to have an approximate area of 150,000 square feet. It is located adjacent to, and north of, the present Executive Offices and Engineering Building, on twenty-six acres of land on 72nd Street, North, in St. Petersburg. This new building will enable the Company to double its manufacturing capacity as compared with that possible in the temporary space presently being rented from the City of St. Petersburg. The new one-story building will be complete with employees' cafeteria and necessary manufacturing offices. It will effect a significant reduction in operating expenses and will be fully air-conditioned, adding materially to employee comfort and manufacturing efficiency. Construction is proceeding on schedule and it is expected that the new building will be available in January of 1960.

Early in the year the Company acquired all the outstanding stock of Standard Products, Inc., a corporation engaged principally in Kansas and Oklahoma in the sale and distribution of aviation supplies, aircraft engine accessories and industrial hardware, as well as the repair and remanufacture of aircraft instruments. This wholly-

THE PRESIDENT'S MESSAGE CONTINUED

owned subsidiary supplements the activities of the Air Associates Division, adding warehouses and sales offices in Wichita and Kansas City, Kansas, and in Tulsa, Oklahoma, areas where private flying and the use of business aircraft are extensive. This acquisition increases to twelve the Air Associates Division warehouses for the most complete distribution and by far the largest volume of sales of any aviation supplies distributing organization in the United States, and substantially strengthens the commercial aspects of the parent company's business.

To be closer to its major markets and sources of supply, and thereby to reduce administrative, operating and selling costs, the headquarters of the Air Associates Division were moved in May to new offices and warehouse at Teterboro Airport, Teterboro, New Jersey.

On July 27 all of the capital stock of Advanced Technology Corporation of Santa Barbara, California was acquired. ADTEC is a newly-formed company consisting of a group of scientists, engineers and mathematicians. They are key men in their respective fields, with experience dating back to World War II in research and engineering for weapons and test systems, space vehicles and space flight mechanics, aerodynamic structures, vibration and flutter problems, guidance and control, and applied mathematics related to missiles and space technology problems. This new, wholly-owned subsidiary of our Company will add materially to our competence in missile and space vehicle projects. It is our intention to make this group the nucleus of a substantial operation to be located in the Santa Barbara, California, area.

The Research Division, working in its well-equipped laboratory located at Timonium, Maryland (near Baltimore), continues to grow and now is successfully engaged in a wide variety of projects involving infrared techniques, counter-measures, communications, radar, and advanced highly-sophisticated electronic projects. More complicated devices are constantly required by the military, and the competence of our Research Division will bring to us an increasing amount of research and production work as the development of electronic and allied equipment progresses.

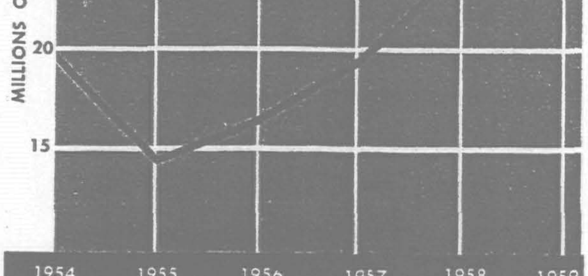
Recent public recognition of the increasing usefulness and utility of facsimile transmission makes the outlook for the future of our *Electronic Messenger* facsimile equipment most encouraging.

Never before in the Company's history have negotiations for desirable new business been at as high a peak of activity as at present. With the steady increase in the demand for electronic systems by the military, supplemented by the expanding aviation supplies business of our Air Associates Division and the growing research and development programs of our research staffs, we look forward to a period of sustained growth and activity. Internal expansion and acquisitions, such as those brought into the Company this past year, add further to our expectations of prosperous years ahead.

F. W. Godsey, Jr

St. Petersburg, Florida
December 1, 1959

F. W. Godsey, Jr.
President



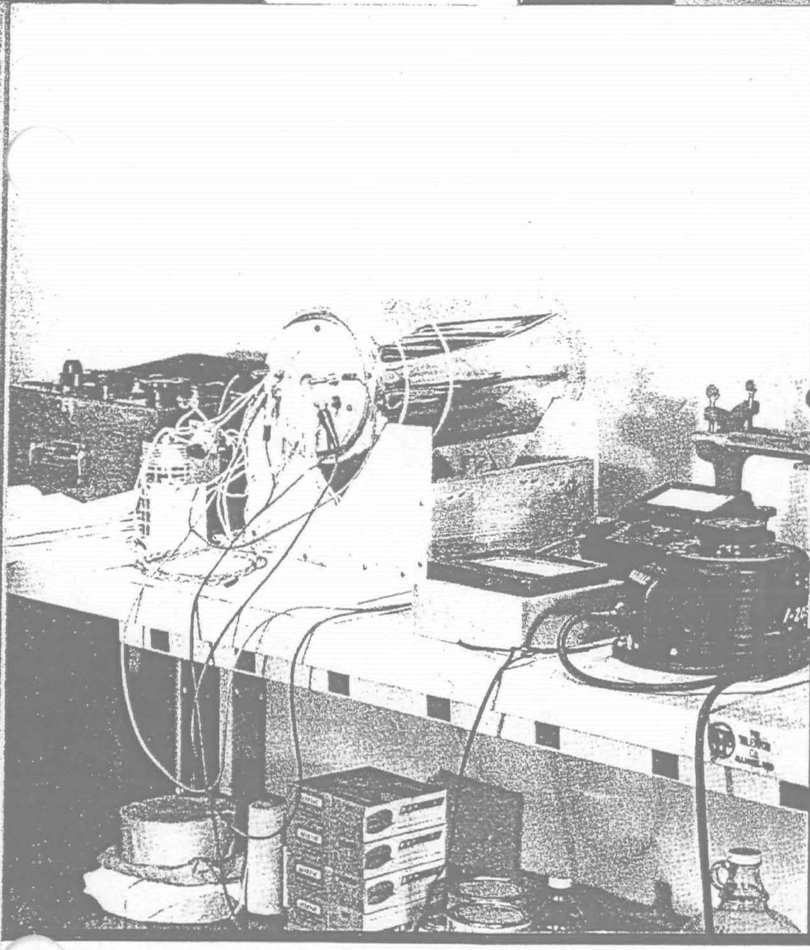
TOTAL SALES

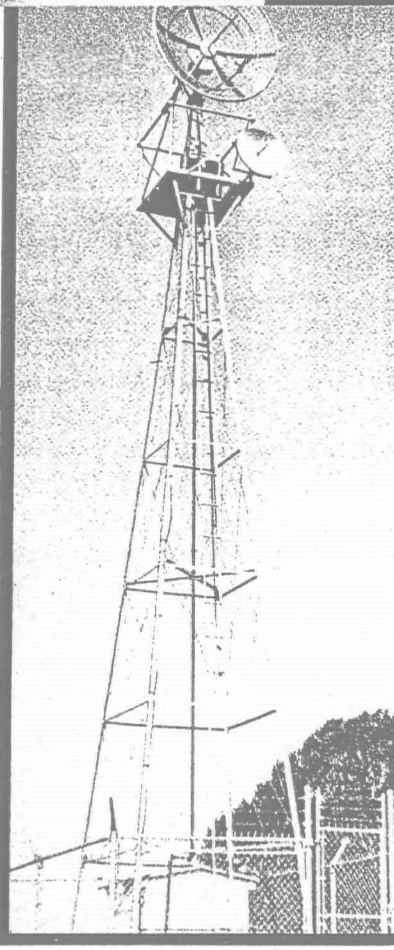
SUMMARY OF OPERATIONS

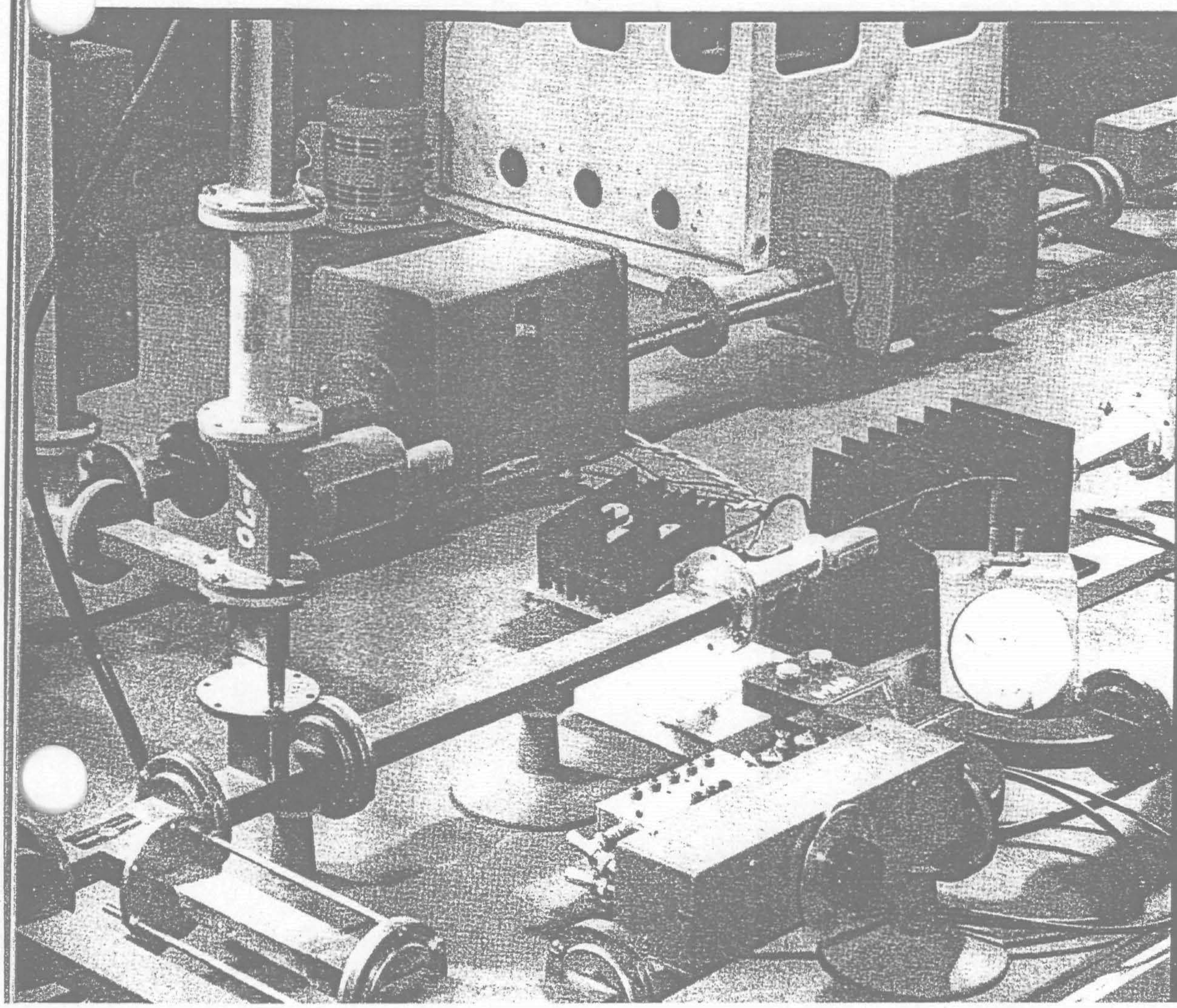
RESEARCH

Our Research Division, now three years old, continues to grow, justifying the confidence of the Management in the increasing importance of scientific research in the development of the Company's position in Electronic and allied fields. The Research Division has for more than a year had contracts of sufficient size to make it self-supporting, with additional assignments of importance continually being secured. Increasing recognition of the accomplishments and competence of this branch of ECI's business have already been reflected in the receipt of new research contracts, and will contribute to the further rapid growth of the Division.

Situated amid quiet residential surroundings at Timonium, Maryland, (north of Baltimore), the Research Laboratory, covering an initial 20,000 square feet, is in an ideal environment for creative work. Here advanced development studies in communications theory, radar, electronic countermeasures, infrared techniques, antennas, solid state applications, ferrite phase shifters, and other







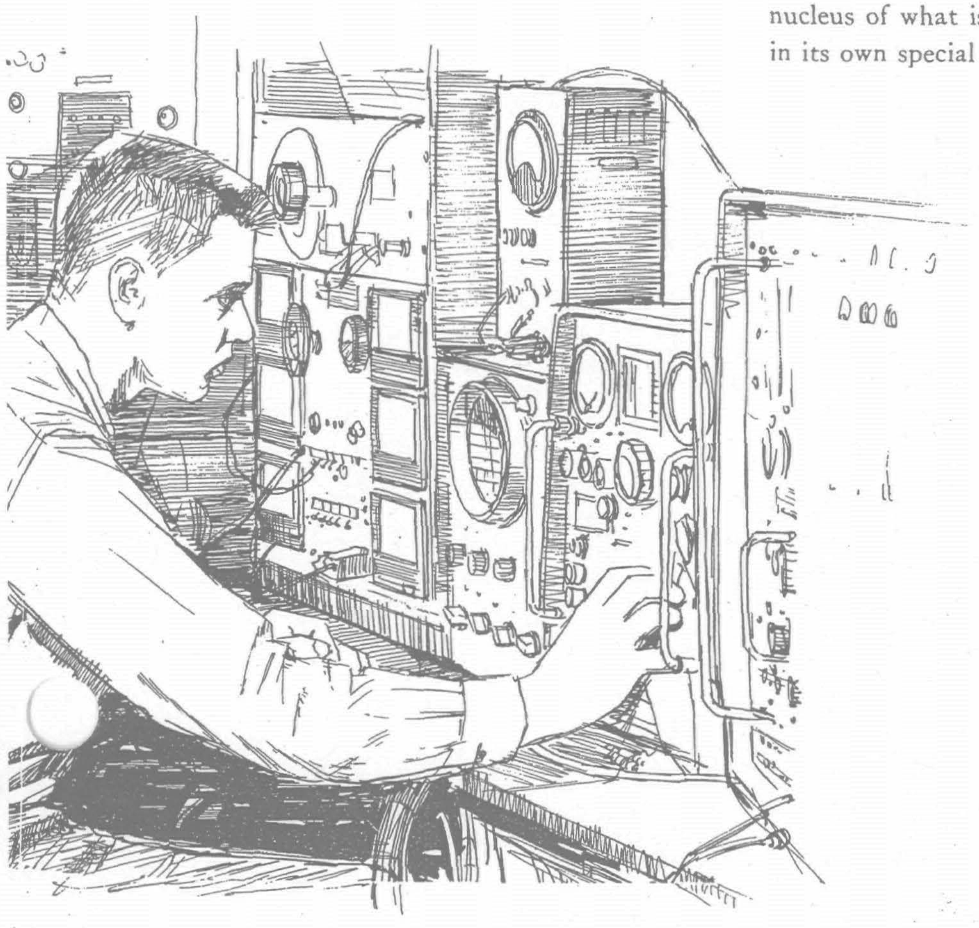
electronic investigations are being pursued.

Recently the Laboratory has added an antenna .ttern range which includes a tower erected near the Laboratory building and a penthouse on the roof housing the range instrumentation.

The Company is fortunate in having in its employ research engineers and physicists of recognized ability and experience in a broad range of technical subjects. These experts have published numerous papers in professional and scientific journals, and are active in professional societies. Research is essential to progress and our staff has the potentials to bring to our Company projects of most advanced concepts.

Although the Research Division is only three years old, some of its projects have already reached manufacturing status, such as a precision infrared source, a new ferrite phase shifter developed in connection with a large radar study contract, and airborne electronic countermeasures apparatus now in the production design stage.

The majority of the Research Division's proj-·ts are being undertaken on a cost-plus-fixed-fee .sis, insuring profitable operations.



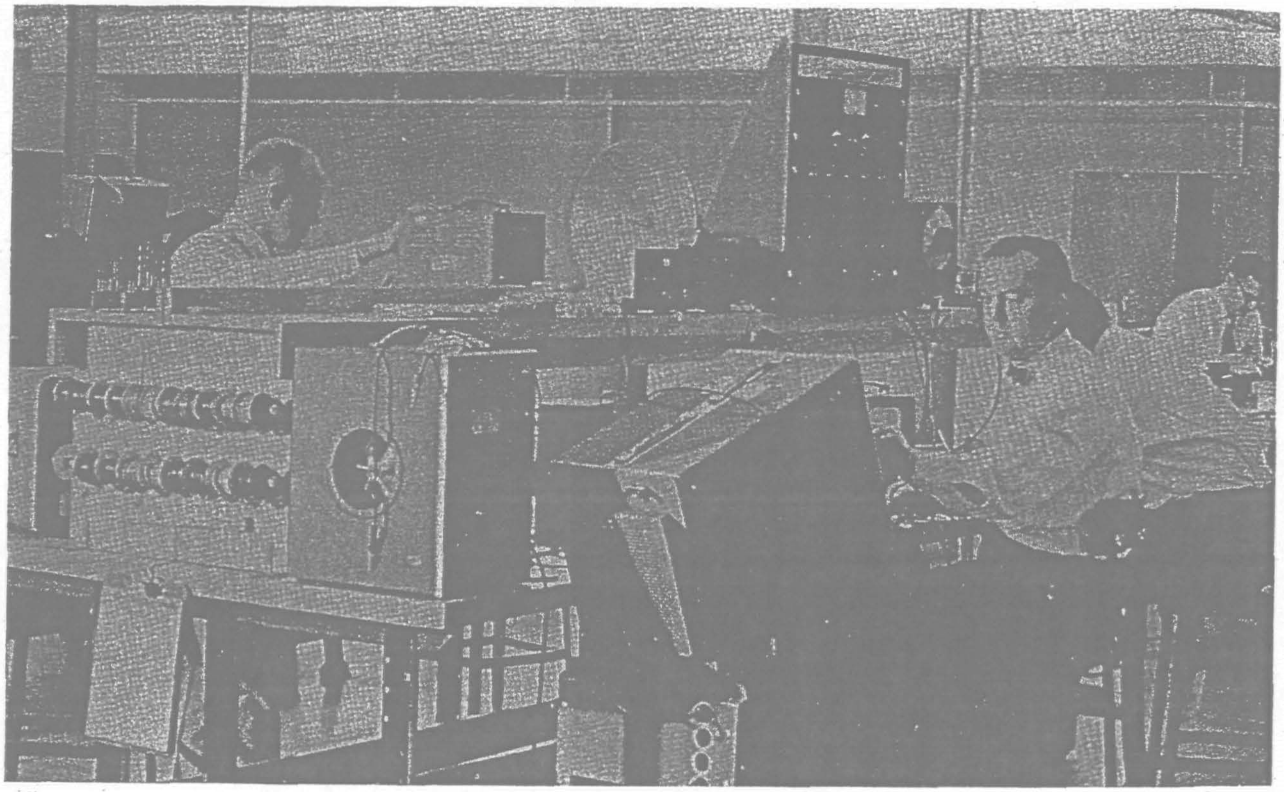
MISSILE AND SPACE VEHICLE RESEARCH COMPETENCE

The acquisition in July of Advanced Technology Corporation of Santa Barbara, California, puts the Company squarely in the missile and space vehicle research fields.

ADTEC is composed of a small group of key scientists, engineers and mathematicians of recognized ability. They have an average experience of fifteen years in weapons and test systems; space vehicles and space flight mechanics; aerodynamic structures; vibration and flutter problems; guidance and control of missiles; and applied mathematics in missile and space technology.

Members of the ADTEC group have held important positions at the Guided Missile Test Center at Peenemuende, Germany; in the United States Army's missile programs at White Sands, at the Holloman AFB, and at the Redstone Arsenal; at the USAF Missile Development Center; and with various aviation and industrial organizations

ADTEC adds materially to our ability to secure research and development work heretofore outside our range of competence, and will be the nucleus of what is expected to be a large group in its own special fields of experience.



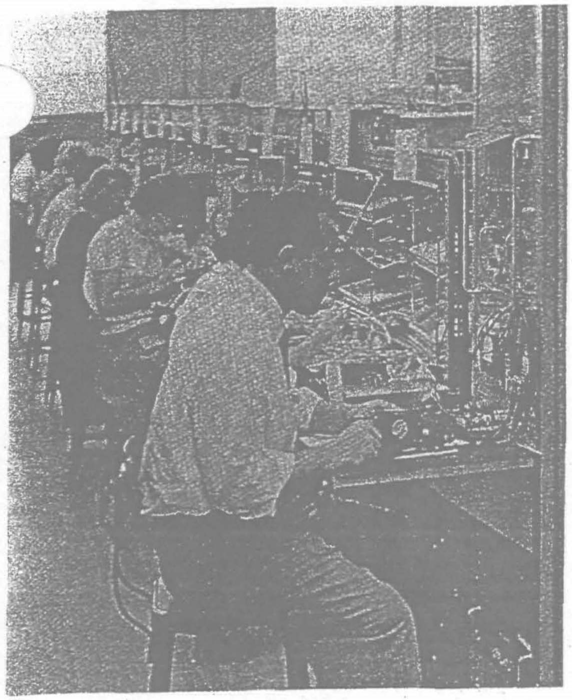
ENGINEERING

The Engineering Staff at Headquarters in St. Petersburg is exceptionally well equipped to develop and produce electronic communications and electro-mechanical devices for advanced military applications. Much development and production design work has been accomplished in the fields of airborne, and ship-and-shore-based communications systems, reconnaissance systems, electronic countermeasures and secure communications equipment.

An example of the competence of our engineers is our recently developed Model 28 1KW UHF (225-400 megacycles) completely integrated transmitter, the smallest and lightest flight-proved gear of this high power for airborne applications yet produced by any firm in the industry. This new unit is receiving important attention by the military, since it provides reliable communications over longer ranges, thus enhancing the capability of weapon systems.

Our Engineering Staff also developed the communications and data receivers and the 50-watt airborne transmitter which are incorporated in the MA-1 Aircraft and Weapon Control System as installed in the latest supersonic fighter aircraft. This subsystem is designed on the module concept —that is, various sections of the equipment may be removed and replaced merely by unplugging modules and plugging in replacements. The implications of this type of construction are exceedingly important; field service is greatly simplified. Design of such modern equipment requires a high degree of technical experience and close coordination with customer needs

Miniaturization is another important consideration in the design of much of the electronic apparatus developed by our Engineering Department. Modern military aircraft are packed with electronic devices and it is essential to reduce the size and weight of this equipment as much as possible consistent with optimum performance.



Our engineers have wide experience along these lines.

The Engineering Staff has a diversity of specialized experiences and a thorough knowledge of advanced engineering techniques. Involved and complex circuitry and design and construction that will withstand extremes of heat and cold, altitude, vibration, sand, dust, corrosion, the heating effects of supersonic flight, the severe attrition of military service use, and a multitude of other demands, must be evolved and integrated into packages usually of minimum proportions. This must be accomplished with a constant eye on quality, manufacturing economy, and operational surety.

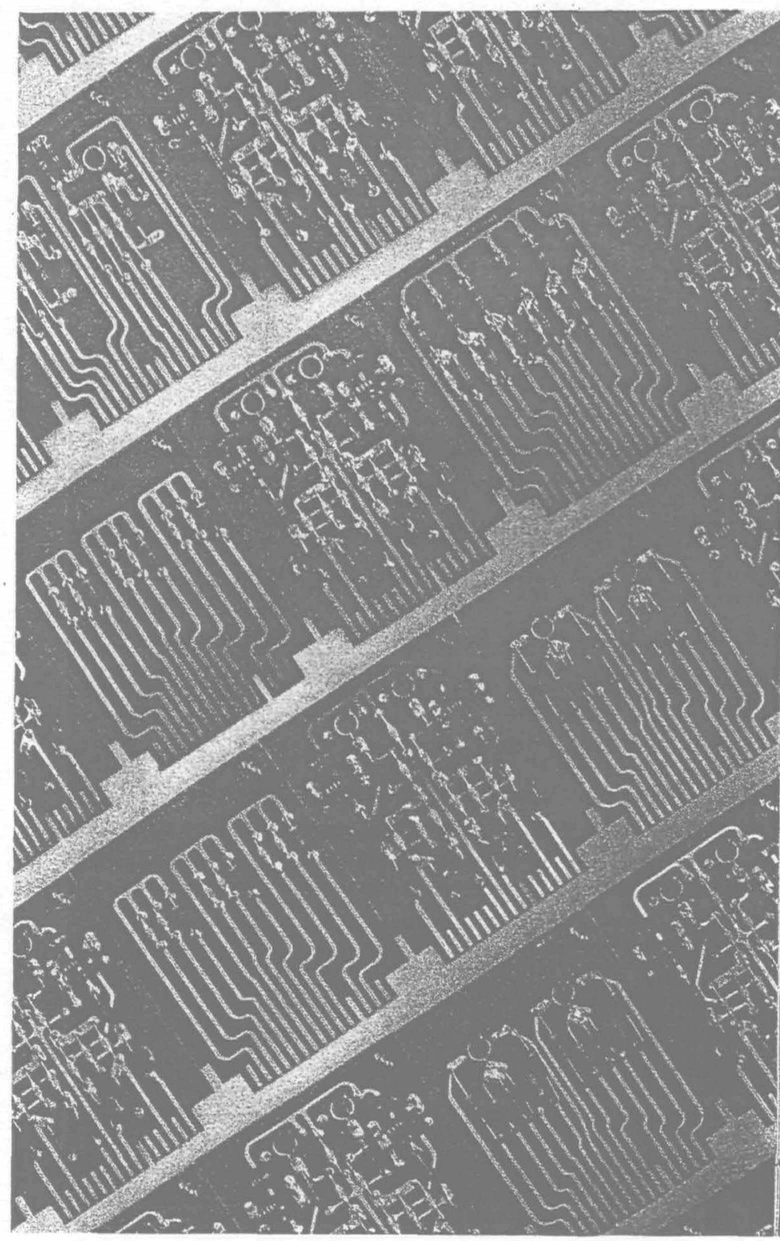
Our Environmental Laboratory, the best equipped in the southeast, and an adjunct of the Engineering Department, tests all prototypes to assure that they are capable of satisfactory operation under all environments or conditions to which they may be subjected in service. A chemical and physical laboratory also serves the Engineering and Manufacturing Departments.

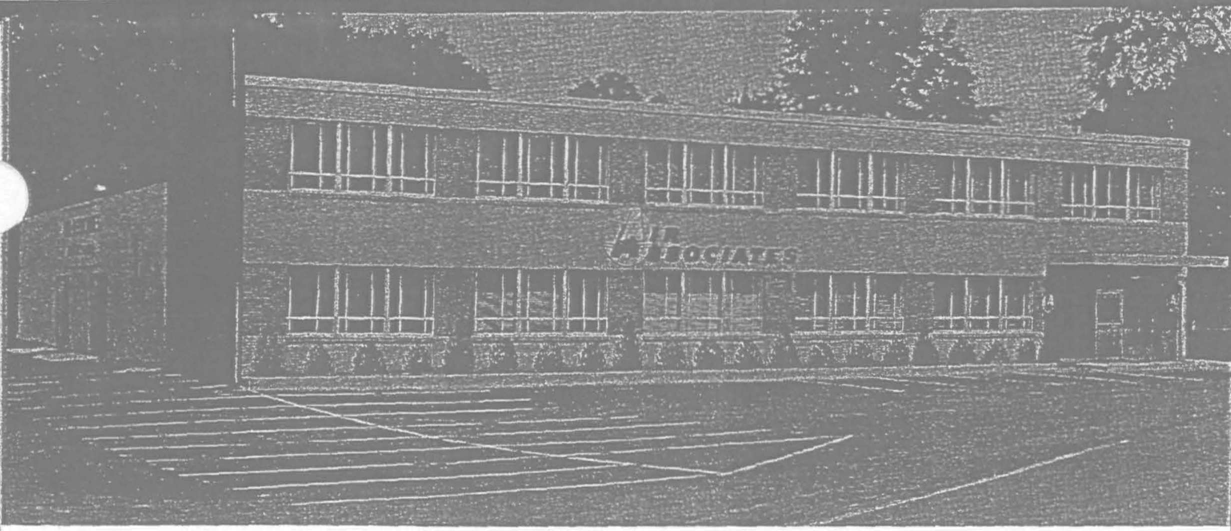
A completely-equipped Model Shop, including a printed circuit facility, and manned by master mechanics and technicians, turns out the mechanical and electrical parts the Engineering Department requires in the creation of its prototypes.

MANUFACTURING

Completion in January of a new plant, now under construction adjacent to the executive offices and engineering building in St. Petersburg, will provide the Company with approximately 150,000 square feet of floor space for manufacturing and related purposes. This will be an increase of about 60,000 square feet over the space now being occupied on a temporary basis at the Maritime Base, eight miles away, across the city. The new plant will be equipped with the most advanced machinery and apparatus for efficient production of electronic and allied products. The plant will be fully air-conditioned, a contributing factor to increased productivity.

The consolidation of all of the Company's St. Petersburg operations at the one location will ma-





Air Associates Headquarters and Northeastern Regional Sales Offices, Teterboro, New Jersey.

terially reduce the already low overhead rates and contribute substantially to operating efficiency.

The manufacture of intricate electronic products requires highly specialized experience. The Company is staffed with production experts, engineers and technicians of long training in this field. The techniques involved in the production of miniaturized units and modules, such as those which go into the communications and data link subsystem incorporated in the MA-1 Aircraft and Weapon Control System, call for the highest degree of proficiency not only in production planning, but also in the manufacture and testing of these units and modules. The production employees themselves have acquired their high degree of dexterity and ability as a result of the training they have received from our manufacturing experts. This rigid training preceding the assignment of any employee to a production job results not only in excellence of product, but also in greater overall production efficiency.

Our Quality Control Department reports directly to the President, and serves in a monitoring capacity over all inspectors and testers connected with manufacturing. Thus, all production is subjected to quality audit before it leaves the plant.

Company interest in the product does not end with shipment to the customer. A Field Service

Department follows the equipment to its point of end use, instructs the user in its proper application and maintenance; and when required, provides factory grade repair and maintenance services in the field.

AIR ASSOCIATES DIVISION

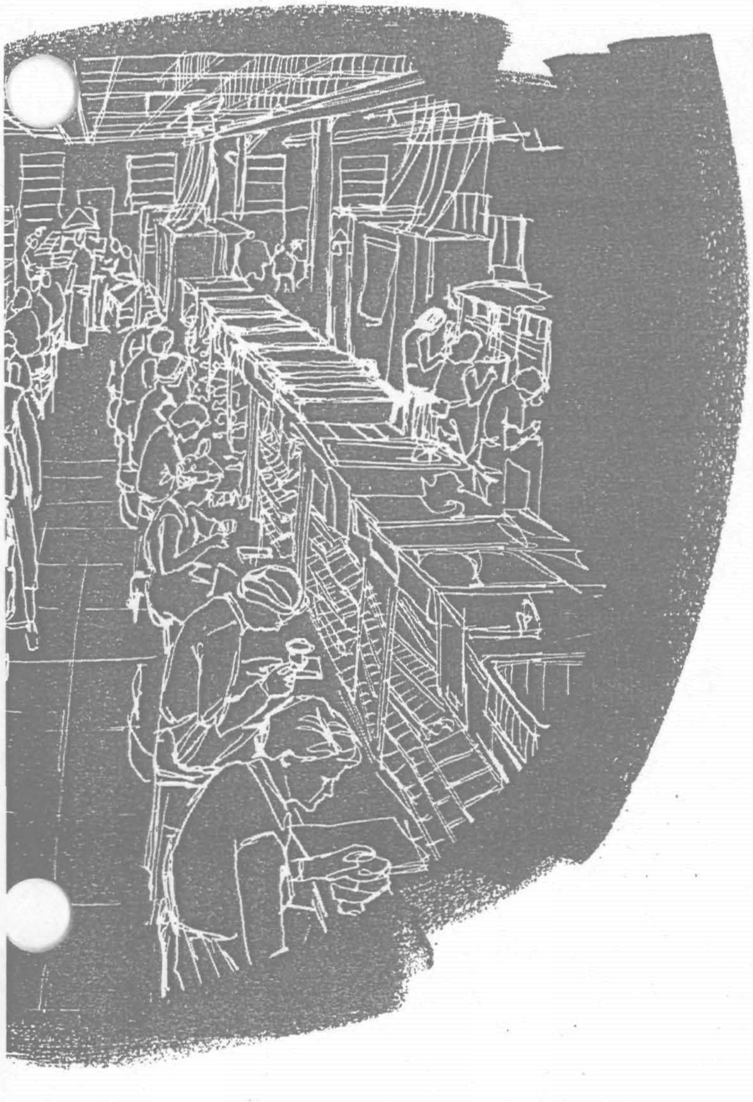
Early in 1959 the Company, through its Air Associates Division, acquired Standard Products, Inc. This acquisition is a leading aviation industry supplier with sales offices and warehouses at Wichita and Kansas City, Kansas and Tulsa, Oklahoma.

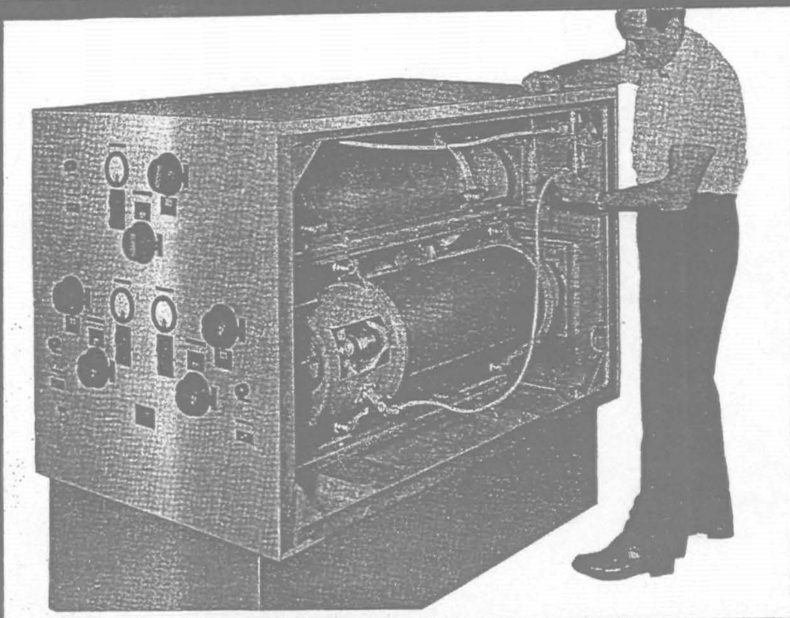
The combined businesses provide the most complete distribution of aviation supplies in the United States, with twelve strategically located warehouses and sales offices throughout the country.

After thorough analysis, it was decided to move the Headquarters of the Air Associates Division to Teterboro, New Jersey, to a building erected for the Division at Teterboro Airport. The Air Associates headquarters staff now occupies this new building which also provides for Air Associates Northeastern Regional Sales Offices and warehouse facilities. Strategically, the new location is better for the administration of the Air Associates Division, because of the easier accessibility to most of our suppliers and reduced travel expense as compared with St. Petersburg.

Sales of the Air Associates Division are substantially strengthening the commercial aspects of the Company's business. Some 20,000 separate items are sold by Air Associates Division, ranging from complex radio communications and navigation equipment to a variety of maintenance items; from aircraft tires to flight instruments.

At Wichita, Standard Products is engaged in the overhaul and remanufacture of flight instruments. This new business shows every promise of expanding from an already important activity to a major part of the Air Associates Division.

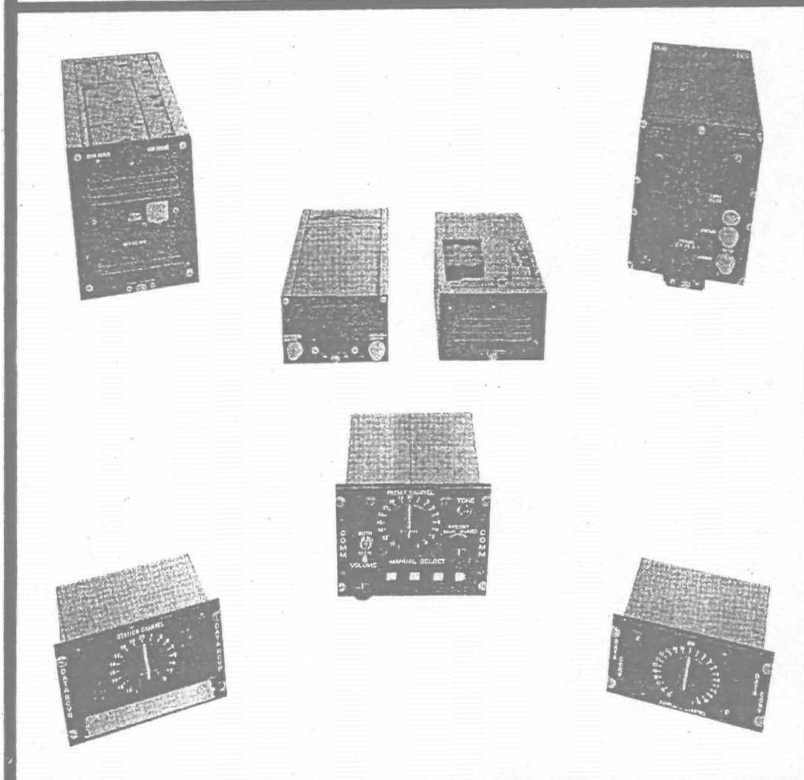


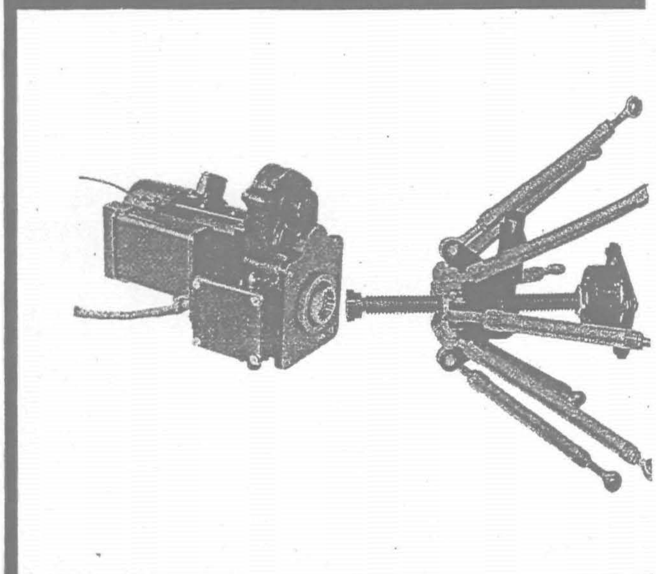


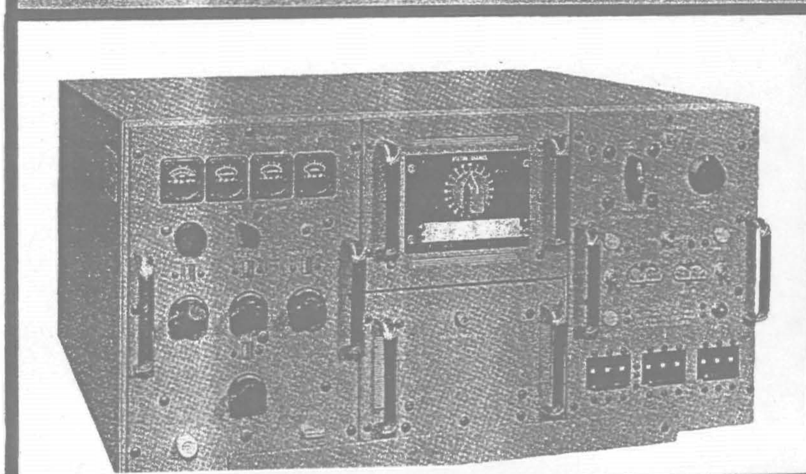
WHAT ECI PRODUCES

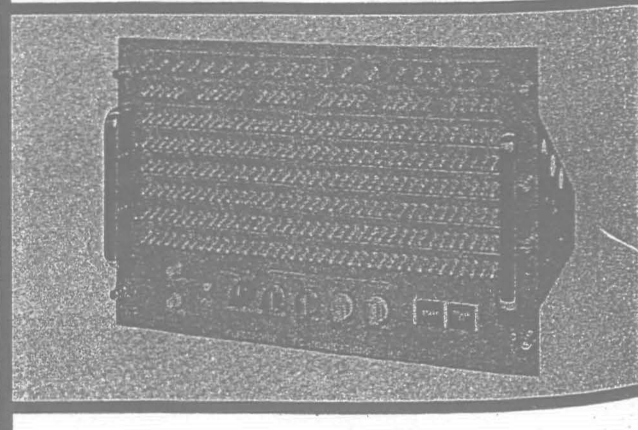
The Company builds highly-sophisticated radio transmitters and receivers, data link devices and related equipment which is incorporated into the automatic flight control and weapons systems of the McDonnell F-101 Voodoo, the Convair F-102 Delta Dagger and the Convair F-106 Delta Dart supersonic interceptor aircraft. This equipment provides two-way air-to-air and air-to-ground voice communications. It is also used for air-to-ground data transmission for linking interceptors to the SAGE ground-controlled network.

Shipboard and ground radio transmitters and receivers for the U. S. Navy and the Coast Guard are also manufactured. Present production of this type of equipment includes a 500-watt utility radio receiver-transmitter and a low-powered 125-watt shipboard receiver-transmitter.







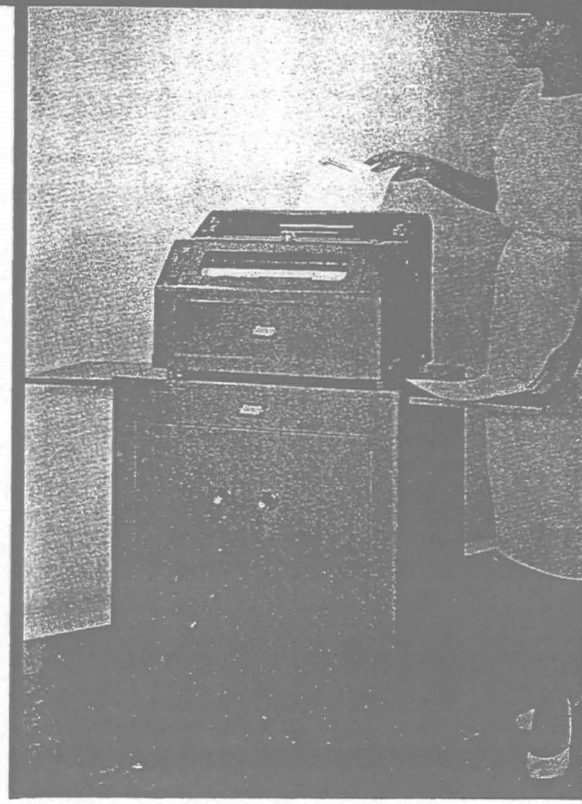


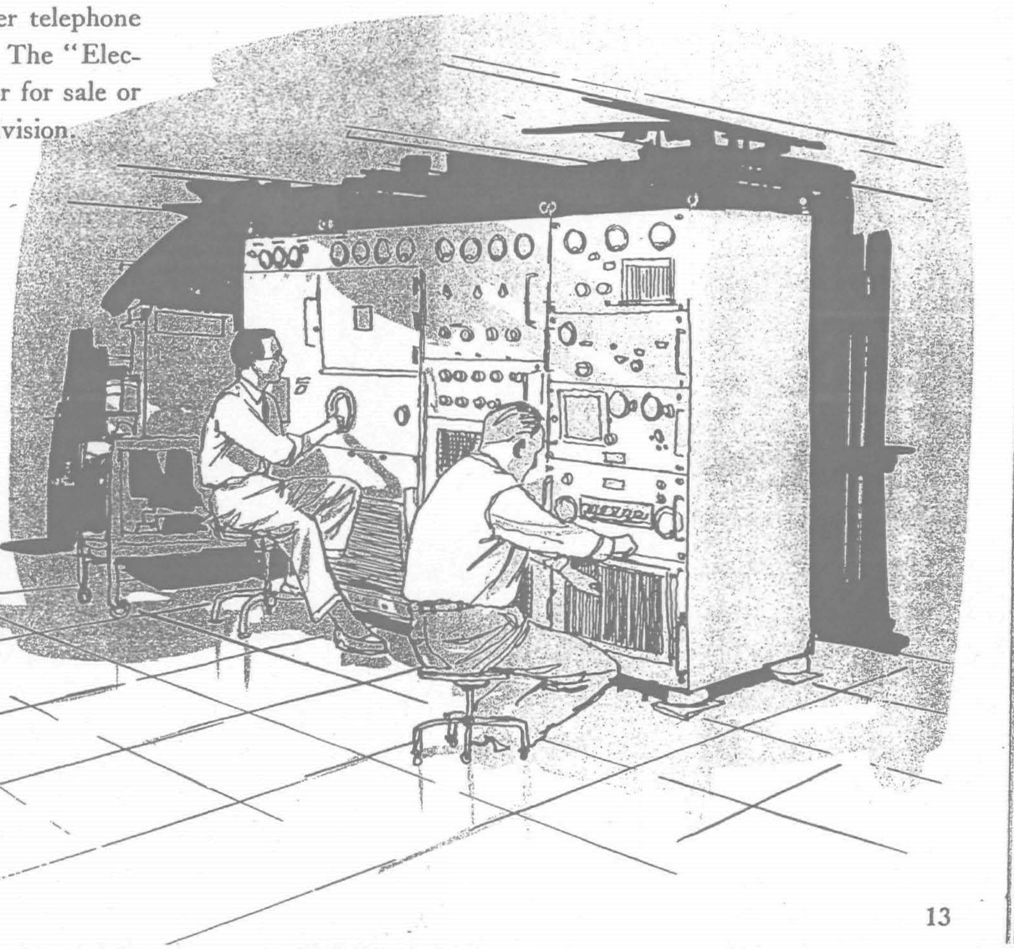
Actuators for moving aircraft control surfaces, for raising and lowering landing gears, for opening and closing cowl flaps, and for similar operations in an aircraft are other of the Company's products, as are small, lightweight, high performance servo motors that do many jobs aboard an airplane.

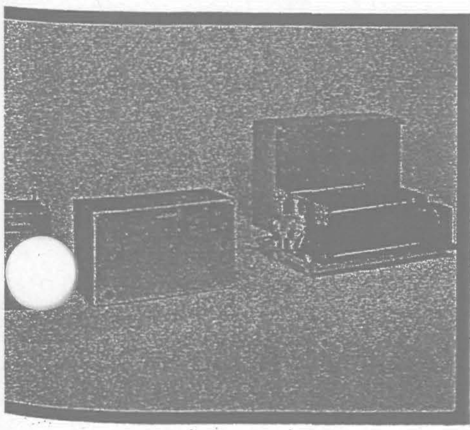
One of the Company's best known and most widely used products, which has been manufactured for many years, is its aircraft seat belt, used in fully 80 percent of commercial aircraft.

The Company designed and manufactured the coasting time computer installed in the third stage of the Vanguard satellite launching vehicle. This computer, which has never failed in a launching, measures the velocity of the second stage and ignites the third stage at the precise instant for placing the satellite in orbit. The latest use of the device was in September when another satellite was successfully orbited by a Vanguard.

The "Electronic Messenger" is another ECI product. This device transmits and receives exact copies of written or printed matter, photographs or drawings from one machine to another over long or short distances, even transcontinental, in minutes. The "Electronic Messenger" is used alternately as a receiver or transmitter, affording two-way service. It utilizes either telephone circuits, private wires or microwave. The "Electronic Messenger" is marketed either for sale or lease by the Facsimile Equipment Division.







CONSOLIDATED B[illegible]

ELECTRONIC COMMUNICATIONS, INC. AND SUBSIDIARIES

ASSETS

	SEPTEMBER 30 (Note 1) 1959	1958
CURRENT ASSETS (NOTE 2):		
Cash	$ 2,843,110	$ 1,238,079
Trade accounts receivable, less reserve	4,101,597	3,459,476
Claims receivable under defense contracts	832,715	1,186,199
Inventories, at the lower of cost (first-in, first-out basis) or market—		
Aircraft supplies, parts and accessories	2,038,263	1,660,168
Work in progress, less progress payments	3,896,732	4,246,727
Prepaid insurance, taxes, etc.	130,932	151,532
TOTAL CURRENT ASSETS	$13,843,349	$11,942,181
OTHER ASSETS:		
Deferred expenses in process of amortization (Note 3)—		
Development expenses	$ 207,305	$ 300,779
Moving expenses	147,045	241,665
Sundry accounts receivable, etc.	88,614	37,116
	$ 442,964	$ 579,560
PROPERTY, PLANT AND EQUIPMENT:		
Land, buildings, machinery and equipment, at cost	$ 2,723,617	$ 2,127,148
Less—Reserve for depreciation	1,002,459	892,870
	$ 1,721,158	$ 1,234,278
	$16,007,471	$13,756,019

The accompanying notes to financial statements are an integral part of these balance sheets.

ALANCE SHEETS

LIABILITIES

	SEPTEMBER 30 (Note 1) 1959	1958
CURRENT LIABILITIES:		
Notes payable ($2,500,000 due to banks December 31, 1959 under Restated V-Loan Agreement—Note 2)	$ 2,626,151	$ 6,310,125
Accounts payable (including $1,052,526 refund in 1959 under defense contract—Note 5)	2,412,897	1,857,511
Provision for price redetermination of defense contracts (Note 5)	2,800,000	676,065
Provision for income taxes	804,715	231,146
Accrued salaries, wages, taxes, interest, etc.	323,561	239,694
Installments on long-term debt due within one year	31,737	15,234
TOTAL CURRENT LIABILITIES	$ 8,999,061	$ 9,329,775
LONG-TERM DEBT:		
First mortgage and promissory notes payable in installments to 1966, less amounts due within one year	$ 115,732	$ 82,467
CAPITAL STOCK AND SURPLUS:		
6% cumulative convertible preferred stock, par, liquidation, and redemption values $10.00 per share (each share convertible into one and one-half common shares)—		
Authorized 200,000 shares		
Issued and outstanding 44,290 shares in 1959	$ 442,900	$ 588,160
Common stock, par value $1.00 per share—		
Authorized 1,000,000 shares		
Issued and outstanding (after deducting 10,187 shares in treasury)—590,076 shares in 1959 (Note 4)	590,076	265,413
Capital surplus	3,295,944	1,635,589
Earned surplus (Notes 2 and 5)	2,563,758	1,854,615
	$ 6,892,678	$ 4,343,777
	$16,007,471	$13,756,019

The accompanying notes to financial statements are an integral part of these balance sheets.

STATEMENTS OF CONSOLIDATED INCOME

	Year Ended September 30 (Notes 1 and 5) 1959	1958
NET SALES:		
Electronic (research, development and equipment)	$21,458,991	$12,486,967
Aircraft supplies and other equipment	11,312,839	11,362,364
Net sales	$32,771,830	$23,849,331
COSTS AND EXPENSES:		
Depreciation	$ 150,295	$ 138,682
Other manufacturing costs, selling and administrative expenses	30,623,082	23,196,990
Interest expense	295,406	389,949
Other income, net	(58,558)	(36,453)
	$31,010,225	$23,689,168
Income before income taxes	$ 1,761,605	$ 160,163
PROVISION FOR INCOME TAXES	906,466	53,701
Net income	$ 855,139	$ 106,462
SPECIAL ITEM:		
Net profit (after Federal income tax) on disposition of buildings, equipment and investments	—	317,891
Net income (and special item in 1958)	$ 855,139	$ 424,353

STATEMENTS OF CONSOLIDATED SURPLUS

	Year Ended September 30 1959	1958
CAPITAL SURPLUS (Note 1)		
Balance at beginning of the year	$ 1,635,589	$ 1,615,814
Add—		
Excess of proceeds (net of $184,332 of expenses) from sale of 100,000 shares of common stock over par value thereof	1,590,668	—
Excess of par value of 6% cumulative convertible preferred stock over par value of common stock issued on conversion (14,977 shares in 1959 and 2,075 shares in 1958)	130,284	18,675
Amount by which option price exceeded par value of 12,459 shares of common stock sold under employee stock options (Note 4)	96,630	—
Excess of quoted market value over par value of 1,000 common shares issued upon acquisition of subsidiary (Note 1)	39,000	—
Amount received in excess of carrying value on sale of 100 shares of common stock held in the treasury	—	1,100
Deduct—		
Transfer to common stock account on distribution of 196,227 shares of common stock to the common stockholders on a basis of one additional share for each two shares held of record on July 31, 1959 (Note 6)	(196,227)	—
Balance at end of the year	$ 3,295,944	$ 1,635,589
EARNED SURPLUS (Notes 1 and 5)		
Balance at beginning of the year	$ 1,854,615	$ 1,430,262
Add—Net income (and special item of $317,891 in 1958)	855,139	424,353
Deduct—Cash dividends on 6% cumulative preferred stock (includes all dividends accumulated to date)	(145,996)	—
Balance at end of the year (Note 2)	$ 2,563,758	$ 1,854,615

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 1959

1. **ACQUISITIONS OF SUBSIDIARIES:** In March 25, 1959, the Company issued 26,505 shares of its common stock in exchange for all of the outstanding capital stock of Standard Products, Inc. (a Kansas corporation). This transaction was treated as a "pooling of interests" for accounting purposes and, accordingly, the accompanying consolidated financial statements include the accounts of Standard Products, Inc. for both years.

On July 27, 1959, the Company issued 1,000 shares of its common stock with a quoted market value of $40,000 in exchange for all of the outstanding capital stock of Advanced Technology Corporation (a California corporation). The $39,000 excess of the quoted market value over par value of the shares issued upon acquisition of this subsidiary has been credited to capital surplus. The results of operations of this subsidiary since acquisition have been included in the statements of consolidated income.

2. **RESTATED V-LOAN AGREEMENT AND COLLATERAL:** Cash includes $30,560 deposited as collateral for loans under a Restated V-Loan Agreement. Accounts and claims receivable under defense contracts aggregating $2,798,223 (primarily from one contractor) were assigned as security for the bank loans (75% of the loans are guaranteed by the Department of the Air Force) under such agreement. In addition, unfilled defense production and development contracts totaling $7,116,326 were assigned as security for the loans. The inventories in process at September 30, 1959, were acquired or produced principally for such assigned contracts. At September 30, 1959, net current assets, as defined in the Restated V-Loan Agreement, amounted to $4,228,180, as compared to a minimum requirement under the agreement of $3,000,000.

The Restated V-Loan Agreement provides that, except with the prior consent of the lenders, the Company shall not pay dividends upon its common stock, except stock dividends, or reacquire any of its capital stock.

The Company has been advised that, subject to final approval of the Department of the Air Force, the participating banks have approved the proposed renewal of the V-Loan Agreement for the calendar year 1960.

3. **DEFERRED EXPENSES IN PROCESS OF AMORTIZATION:** The costs in connection with moving operations from Teterboro, New Jersey to St. Petersburg, Florida are being amortized (net of income tax) over a 46-month period beginning June, 1957, as administrative expense.

Development and experimental costs are carried as a deferred asset in the accounts until a proven salable product is developed or the project is abandoned. Where the resulting product has a determinable useful life, the related development costs are amortised over this useful life or over a five-year period whichever is shorter.

Development and moving expenses are deducted for Federal income tax purposes during the year in which they are incurred. Such tax reduction has been applied to the applicable deferred expenses in the accompanying balance sheet.

4. **STOCK OPTIONS:** The stockholders have approved certain stock options whereby 40,801 shares of common stock may be sold to selected executives and key employees at 85% of the fair market value of the shares at date of grant. The options are exercisable in three annual installments on a cumulative basis.

During the year ended September 30, 1959, options for 19,200 shares were granted and options for 668 shares were canceled. Options for 12,459 shares were exercised during the year (including 10,000 by the President and 2,459 by other executives and employees) at varying prices for amounts aggregating $109,089. At September 30, 1959, options were outstanding with respect to 40,801 shares (including 7,500 held by the President and 33,301 held by other executives and employees) at varying prices for amounts aggregating $454,131.

The numbers of shares described above have been adjusted, where applicable, to reflect the effect of the distribution of one additional share of common stock for each two shares held of record on July 31, 1959 (Note 6).

5. **CONTINGENT LIABILITIES AND GOVERNMENT CONTRACT MATTERS:** A substantial part of the sales for the two years ended September 30, 1959, were made under defense contracts subject to price redetermination and statutory renegotiation.

In November, 1959, price redetermination proceedings were concluded on a major contract with a principal customer which will require a refund of $1,052,526 (included in accounts payable at September 30, 1959) to the customer. The portion ($652,104) of this refund applicable to the year ended September 30, 1959, has been reflected in the statement of income for this year. The balance ($400,422) of this refund has been reflected by an adjustment of net sales for the year ended September 30, 1958, resulting in a reduction of net income (as previously reported) of $192,422.

The amounts which may be required to be refunded in future price redetermination proceedings cannot be determined at this time; but, it is the opinion of the Company that the amount of $2,800,000 provided for this purpose as of September 30, 1959, is reasonable, and that future price redetermination and renegotiation proceedings will have no material adverse effect on the accompanying financial statements.

6. **COMMON STOCK DISTRIBUTION:** On June 22, 1959, the Board of Directors voted to distribute to the common stockholders one additional share of common stock for each two shares held of record on July 31, 1959.

For each share issued (196,227) as a result of this distribution the sum of $1, the par value, has been transferred from the capital surplus account to the common stock account.

ARTHUR ANDERSEN & CO.

THE WILLIAM-OLIVER BUILDING
ATLANTA 3

To the Stockholders and Board of Directors of
Electronic Communications, Inc.:

We have examined the consolidated balance sheet of Electronic Communications, Inc. (a New Jersey corporation) and subsidiaries as of September 30, 1959, and the related statements of consolidated income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of Electronic Communications, Inc. and subsidiaries as of September 30, 1959, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Andersen & Co.

Atlanta, Georgia,
October 30, 1959.

DIRECTORS

C. K. BAXTER
The Donner Corporation, Philadelphia

J. PAUL CRAWFORD, JR.
Chemical Bank New York Trust Company, New York

W. H. FOULK
Attorney, Wilmington

F. W. GODSEY, JR.
President

H. A. KROEGER
A. & H. Kroeger Organization, New York

DUNCAN MILLER
Laird & Company, Corporation, New York

C. A. SERENO
Executive Vice President

E. P. T. SMITH, JR.
The Donner Corporation, Philadelphia

W. R. YARNALL
The Donner Corporation, Philadelphia

OFFICERS

F. W. GODSEY, JR.
President

W. R. YARNALL
Chairman of the Board—Financial Vice President

E. F. COY
Vice President, Marketing

D. D. KING
Vice President, Research

C. L. LORD
Vice President and Treasurer

C. A. SERENO
Executive Vice President—President, Air Associates Division

L. W. WILLEY
Vice President, Operations

S. S. KRONBERG
Secretary and Controller

T. F. PEPPEL
Assistant Secretary

E. P. T. SMITH, JR.
Assistant Secretary

TRANSFER AGENTS

Registrar and Transfer Company
New York and Jersey City

REGISTRAR

Irving Trust Company, New York

AUDITORS

Arthur Andersen & Co., Atlanta

GENERAL COUNSEL

Ballard, Spahr, Andrews & Ingersoll
Philadelphia

1 Hist
Box #46

~~Wa~~ Historical file

Kansas State Board of Health

DIVISION OF SANITATION

~~[illegible], Kansas~~ Topeka,

Date August 11, 1959

Report on Standard Products, Inc., Dial Painting Shop

Date July 21, 1959 By R. T. Page & H. Sa... S. J. Renc

City of 650 E. Gilbert, Wichita, Kansas Approved ______ Chief Engineer

Purpose of Survey:

Routine survey in dial painting shop to determine the magnitude of exposures to the hazards of handling radium luminous compounds in dial painting and old dial reworking operations.

Interviews:

Grant Courter, Instrument and Accessory Dept. Superintendent
Joe Erdman, Service Manager (Interviewed by telephone by Jim Aiken, Jr.)

Laboratory and Field Determinations:

Procedures. Limited to field determinations of gamma radiation by use of the Tracerlab Portable Radiation Survey Meter, Model SU-1B ("Cutie Pie")

Results.

Dept., Room, or Operation	Location	Gamma Radiation mr/hr*
Dial hand-painting paint room.	1. Doorway, 3 ft above floor.	1.8
	2. Table top, NE corner of room.	1.0
	3. Face of north painting table, east line.	less than 1.0
	4. Face of center painting table, east line.	less than 1.0
	5. Face of south painting table, east line.	less than 1.0
	6. Waste rag and towel disposal barrel south of entrance door.	
	(a) Bottom of barrel	10.0
	(b) Top of waste rag barrel	10.0
	(c) Exposed rags (Cover about 6" from top of barrel.)	16.0
	(d) Two inches above cover of barrel.	2.0
	(e) Contact, sink trap	2.3
	(f) Between sink and table on south side of room 3 ft. from barrel.	2.8
	7. Dial storage cabinet (south side of room)	less than 1.0
	8. Oven, southeast corner of room.	less than 1.0
Passageway west of hand paint room along east side of inspection room.	9. Against wall at point opposite top of waste rag barrel.	13.0

Standard Products, Inc., Dial Painting Shop
[illegible], R. T. Page and H. Seiger
[illegible] 21, 1959

Room, or Operation	Location	Gamma Radiation mr/hr*
Inspection storage room (west of hand paint room - formerly inspection painting and touch-up room.)	10. North table, all locations.	less than 1.0
	11. Contact, north side of storage cabinet.	less than 1.0
	12. South wall.	
	(a) East end of wall across passage way from storage barrel.	2.0
	(b) Center of wall.	less than 2.0
	(c) West end of table	less than 1.0
Photo lab (south of hand paint room).	13. At trap on drain on sink.	2.0
	14. Between desk and drafting desk N. side of room (contact with wall opposite back of dial storage cabinet).	less than 1.0
Dial cleaning area.	15. Bench on north wall	less than 1
	16. N. Stripping Booth	1.6 to 1.8
	17. S. Stripping Booth	2.0
	18. Operators Position	1.2
	19. N. Bench	less than 1.

*mr/hr = milliroentgens per hour. The maximum allowable whole body radiation from gamma rays is 300 milliroentgens per week or 7.5 mr/hr for a 40-hour week or 6.25 mr/hr for a 48 hour week. Use of personnel monitoring devices and the maintenance of cumulative records of personnel exposure is recommended where the possible weekly exposure is over 75 mr.

Observations.

1. Radium dial painting operation had been drastically curtailed since the last survey. Only three hand paint booths were still in place and it was reported that no screening was being done with radium paint.

2. Gamma radiation was not detected at potentially dangerous levels from any source except the waste rag and towel storage barrel. (Note. Due to a misunderstanding, the waste barrel for stripping fluid, located in the alley, east of the hand painting room was not monitored. This is a potentially dangerous location.)

3. The waste rag and towel storage barrel - a 20 gallon galvanized trash pail located south of the entrance door inside the hand paint room was filled to overflowing with an eight months accumulation of waste wiping rags. This material was formerly shipped to Canadian Radium Corporation for disposal but this market was reported as no longer available. It was reported that this material would be buried ten feet below ground. It was also reported that Mr. Joe Erdman, Service Manager, who was in conference, could supply us with the name of the contractor who would handle this disposal. Mr. Jim Aiken, Sanitary Engineer, Wichita-Sedgwick County Health Department, talked with Mr. Erdman by telephone and secured assurance that these waste rags and the accumulated waste stripping fluid would be disposed of properly, and with Health Department approval, preferably to Canadian Radium Corporation even if a fee was charged for the service.

Discussion.

Results of the gamma radiation survey indicated that no workers are regularly exposed to excessive amounts of gamma radiation and that the total amount of radium in the shop, including contamination, was low. However, with the decrease in use of radium, the housekeeping program, at least insofar as waste storage was concerned, had deteriorated. Holding of waste in an isolated and placarded radiation area until sufficient waste has accumulated to justify shipment to the disposal contractor should be for as short a period as possible. Storage in the workroom of waste rags contaminated with radium for eight months is defensible only on the basis that it was assumed that no radium contamination existed.

Recommendations.

1. Our previous recommendation that only single use paper wipers be used in connection with radium paint operations is repeated. These wipers should be placed in red lined disposal cans which should be emptied, after each shift, into a disposal container in the waste storage area in the alley.

2. Wiping rags used for non-radioactive flurescent paint, which might also be contaminated with radioactive paint, should be treated as radioactive in the absence of monitoring equipment.

3. A continuing program of safety education and safety supervision with regard to radiation exposures should be maintained.

4. Radon breath samples of employees and workroom air in this plant have not, according to our records, been taken for about three years. This program should be continued on an annual basis as long as any radium exposure exists. Arrangements should be made immediately for collecting these samples.

Remarks.

1. Recommendations stated here may already have been complied with, but are included as a matter of record.

2. The cooperation and courtesy extended by all plant personnel contacted were sincerely appreciated.

Respectfully submitted,

DIVISION OF SANITATION

R. T. Page, Sanitary Engineer
Industrial Hygiene Section

RTP:vc

cc: Jim Aiken, Wichita-Sedgwick County Dept. of Public Health
Al Soukup, District Engineer

ELECTRONIC COMMUNICATIONS, INC.

35TH ANNUAL REPORT 1962

ELECTRONIC COMMUNICATIONS, INC.

35TH ANNUAL REPORT 1962

General Offices and St. Petersburg Division	St. Petersburg, Florida
Regional Offices	Dayton, Ohio Huntsville, Alabama Lexington, Massachusetts North Hollywood, California Rome, New York Washington, D. C.
Research Division	Timonium, Maryland
Air Associates, Inc.	Wichita, Kansas
Sales and Warehouse Locations	Atlanta — Charlotte — Chicago — Dallas — Denver — Glendale — Houston — Kansas City — Miami — San Francisco — St. Paul — Teterboro — Tulsa — Wichita
Standard Products, Inc.	Wichita, Kansas

TABLE OF CONTENTS

AN INVITATION. ***Stockholders are cordially invited to the Annual Meeting at the general offices of the Company, 1501 72nd St. N., St. Petersburg, Fla., at 10:30 A.M. on Thursday, Jan. 31, 1963.***

About Our New Symbol

A new symbol adopted during the year reflects the Company's many aerospace communication activities. New companion symbols for Air Associates and Standard Products are shown on the back cover.

HIGHLIGHTS - 1962

INCREASED earnings by 131 percent, sales by 66 percent as compared to previous year.

MET or exceeded all performance guarantees for Strategic Air Command's Airborne Command Pos program.

RECEIVED new prime and add-on contracts for command and control communication systems.

INCREASED volume of NASA work by 65 percent.

DELIVERED communication systems for Airborne Long Range Input (ALRI) phase of continental air defense network on schedule.

INTRODUCED new products as result of in-house research and development programs.

COMMENCED construction of 75,000-square foot addition to Engineering Building at St. Petersburg.

COMPLETED and demonstrated multi-element self-focusing antenna at Research Division.

STRENGTHENED management team at Standard Products and at Air Associates.

CENTERED principal commercial manufacturing operations in newly-acquired facility for Standard Products in Wichita.

ESTABLISHED new central supply depot as part of Air Associates headquarters move to Wichita.

RESULTS IN BRIEF

	1962	1961
Earnings per share	$ .95 (1)	$ .46 (1)
Net sales	36,885,199 (2)	22,280,994
Income before taxes	1,434,147	566,153
Provision for taxes	726,000	260,000
Net income	708,147	306,153
Backlog, Sept. 30	13,733,000	12,331,000
Common shares outstanding	719,728	617,482

(1) After preferred dividends
(2) A record

PRESIDENT'S MESSAGE

To the Stockholders:

The fiscal year 1962 was one of excellent progress for your Company. Sales reached a record high, earnings more than doubled those of the previous year, profit detractors were eliminated and refurbishing programs were carried out in each division and subsidiary.

The performance of the Airborne Command Post communication system for the Strategic Air Command was especially gratifying. The reliability and versatility of this system, along with the high degree of customer satisfaction, has firmly established your Company as a leader and major prime contractor in the important new field of aerospace command and control. The success of the SAC program — still growing in scope as the year ended — has already led to new prime system contracts, largely classified, and opened broad new market potentials in other military commands and in space.

Pointing also to future growth was the continuing emphasis on research and development at both the St. Petersburg and Research Divisions. As a direct result of Company-funded R&D, three specific proprietary products were developed, each of which broadens our systems capabilities and opens commercial market potentials. There was new emphasis, too, on space programs with additional NASA contracts for work related to the Saturn space vehicle.

To meet growing engineering requirements and to afford adequate facilities for anticipated future programs, construction was started in August on a 75,000-square foot addition to the Engineering Building at St. Petersburg. Financed by a long-term loan, the addition will be ready for occupancy early in 1963. There were also major plant improvements at Standard Products and at Air Associates.

In line with the objective to attain a better earnings ratio between government and commercial business through an increase in non-defense activity, the Company's principal commercial manufacturing activities were centered in a newly-acquired 40,000-square foot facility in Wichita, Kans. Facsimile and electromechanical operations were transferred from St. Petersburg to Standard Products, where lower costs prevail in the commercial manufacturing environment. Concurrently, Air Associates headquarters moved from Teterboro, N. J., to Wichita, where a central supply depot was established in order to improve purchasing and inventory control as well as insure better customer service. New and strengthened management groups were installed at both Standard Products and Air Associates.

The Advanced Technology Division, which had been operating at a loss, was sold during the year. With this action completed, your Company enters the new fiscal year 1963 with two divisions and two subsidiaries all in position to operate profitably throughout the year. Your Company's financial condition is the strongest in its history.

Looking toward favorable acquisitions or mergers, your management held discussions with a number of selected companies during fiscal 1962. In several specific cases, merger studies are continuing with a view to broadening your Company's field of activity.

The achievements of the past year were made possible through the combined support of employees, stockholders and customers. On behalf of management as a group, I extend our appreciation and reaffirm our determination to guide the Company along a course of accomplishment in which all can share with pride.

By order of the Board of Directors

S W Bishop

S. W. Bishop
President

St. Petersburg, Fla.
November 20, 1962

Growth and expansion

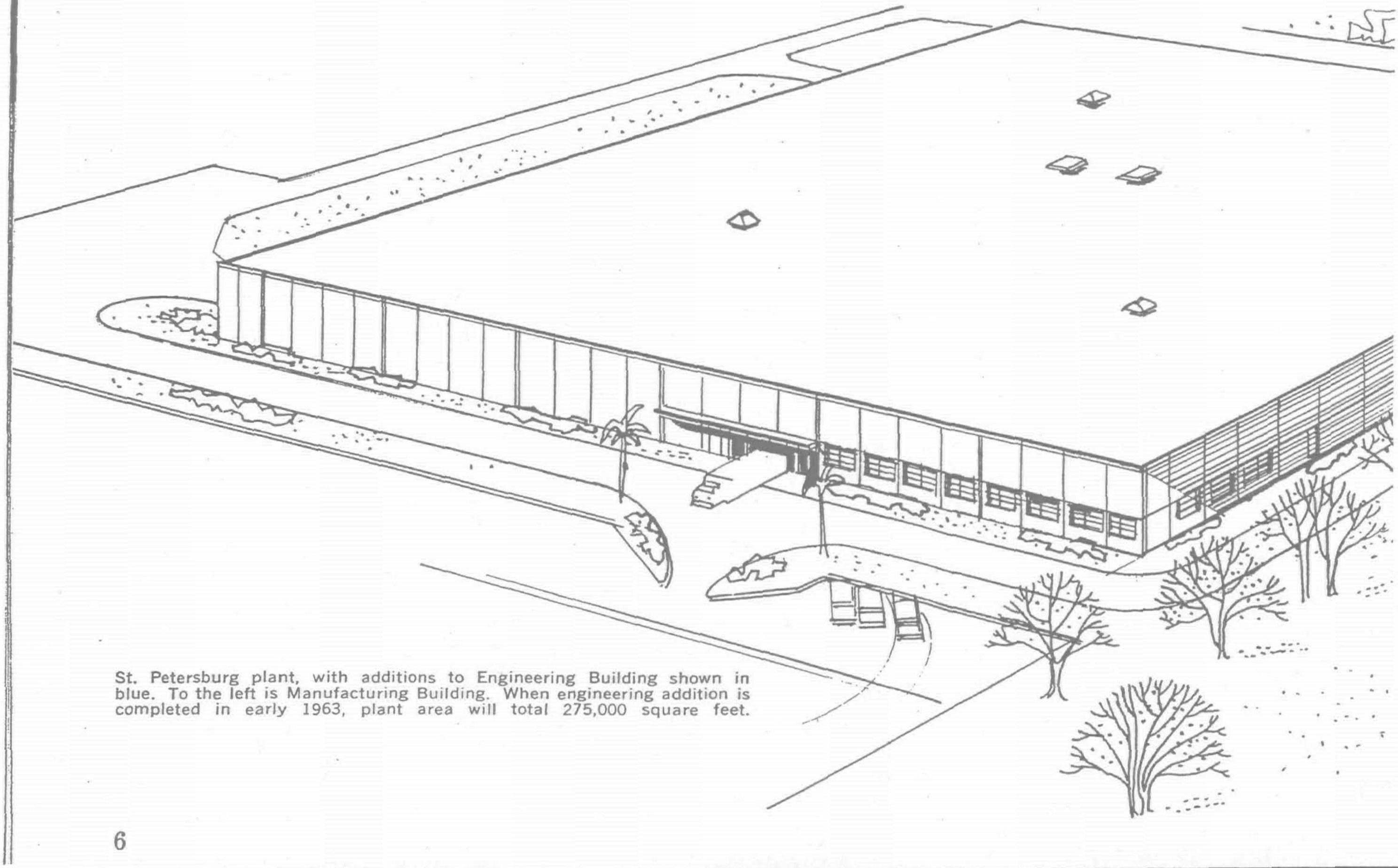
Courtesy USAF

Aloft in SAC Airborne Command Post plane is airborne emergency action officer, Brig. Gen. William W. Wisman (right). With him is communications and control team. ECI is prime communications contractor and systems integrator for the program.

Growth and expansion, as applied to programs, capabilities and facilities, were the key words at St. Petersburg in 1962.

The growth of programs concerned with command and control communication systems was typical of the year's activity. The outstanding success of the Strategic Air Command's Airborne Command Post led both to expansion of this program and to other prime contracts.

Through SAC's Airborne Command Post, ECI provides an airborne communication system that can survive a nuclear attack. Maintaining a 24-hour vigil, command post planes enable SAC to



St. Petersburg plant, with additions to Engineering Building shown in blue. To the left is Manufacturing Building. When engineering addition is completed in early 1963, plant area will total 275,000 square feet.

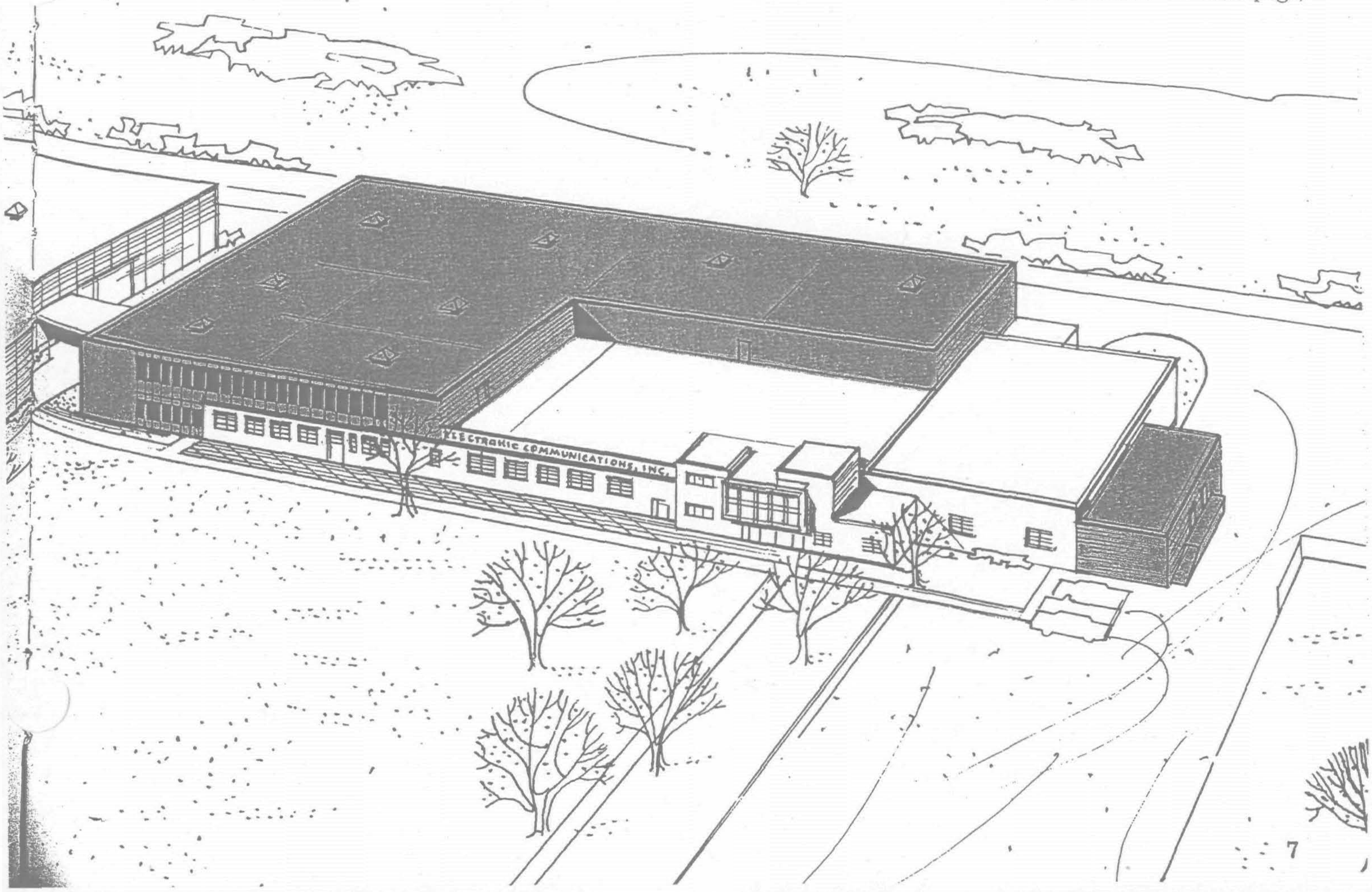
Paul G. Hansel, VP-Engineering; L. W. Willey, VP-Operations; James B. Williams, VP and General Manager; Marc C. Eliason, Manager of Customer Relations.

order and deliver a retaliatory strike even though main and alternate ground command posts are destroyed. ECI-equipped radio relay planes extend the potential geographic coverage of the system almost indefinitely. In operation, the system functions as a flying telephone exchange, the world's first.

Command and control systems, involving both airborne and ground equipment, accounted for a substantial portion of the Division's activity during the year. Most of these contracts were of a systems management nature. In execution of these, much of the equipment was manufactured at St. Petersburg, including powerful 1-kw transmitters, ultra sensitive receivers, tuners, antennas and low-frequency multiplexers. Additional elements were procured from subcontractors.

Space electronics grew in importance. Programs for the National Aeronautics and Space Administration (NASA) increased in dollar volume by some 65 percent. ECI is developing and manufacturing a variety of equipments for the Saturn space program, including signal control processors and flight control computers which keep the vehicle on course. Work in these and other areas helped the Company move steadily toward a broad capability in space communications.

(Continued on next page)



St. Petersburg Division

As a result of intensified emphasis on research and development, technical competence was enhanced and product lines were expanded.

Of significance was the introduction of the first solid-state 3-watt VHF FM transmitter that meets operational specifications for aerospace applications. Miniaturized and small enough to fit in the palm of a hand, the transmitter meets the demanding requirements of space exploration and is particularly suited for telemetry applications. Other space-related R&D programs were concerned with miniaturized solid-state receivers.

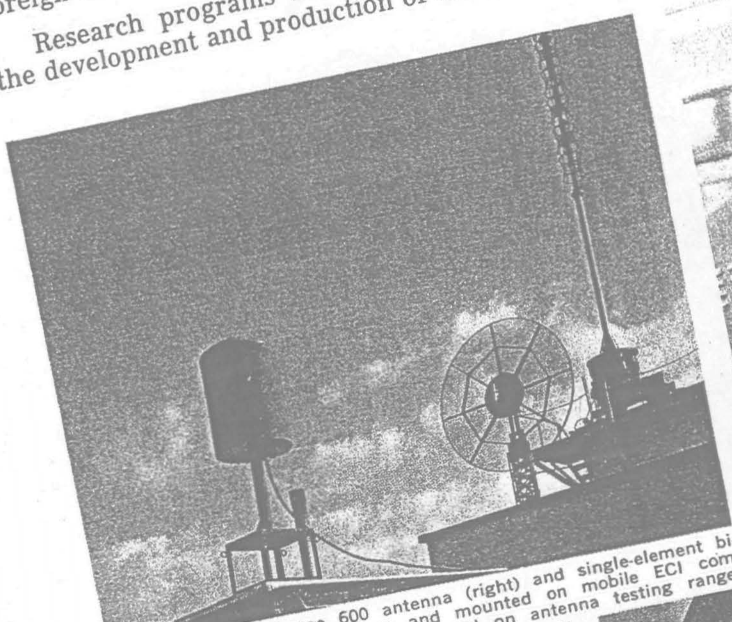
Also established as a result of R&D was a new capability in high-power generation in frequency bands above, below and in the military UHF band. A number of AM/FM power amplifiers in the 225- to 440-MC range, providing 2.5 kw of average carrier power with a peak envelope power output of 10 kw, were manufactured for Great Britain. This amplifier has broad military potential and some commercial potential, particularly in the foreign field.

Research programs in antenna design led to the development and production of the ECI bi-cone 600 antenna, a continuous duty, high-power array for mobile or fixed UHF communication systems. Now a key component in ECI communication systems, the antenna also has sales potential in the commercial field.

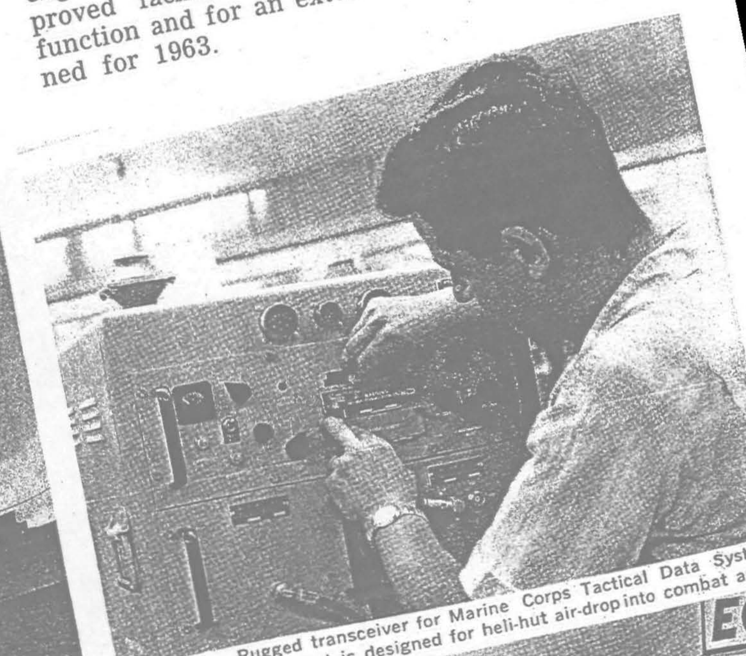
During the year, communication systems for the Airborne Long Range Input (ALRI) phase of SAGE were delivered on schedule. This virtually completed a major program which provided airborne, ground and data link communication equipments as a part of the seaward extension of the continental air defense network. There are possibilities that related programs will develop in coming months.

Other programs involving heavy-duty communications equipment were carried out for the Army, Navy, Marine Corps, Federal Aviation Agency and a variety of industrial customers.

A 75,000-square foot addition to the Engineering Building will be ready for occupancy in January, 1963. The addition will more than double engineering space, providing enlarged and improved facilities for the systems management function and for an extensive R&D program planned for 1963.

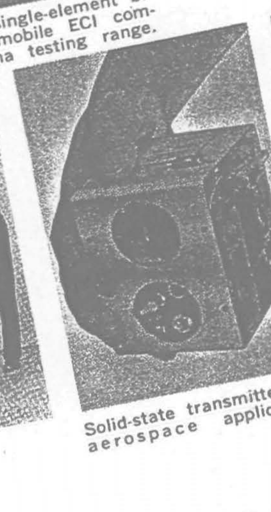


New 10-element bi-cone 600 antenna (right) and single-element bi-cone 600 covered by radome and mounted on mobile ECI communication terminal (left) are pictured on antenna testing range.

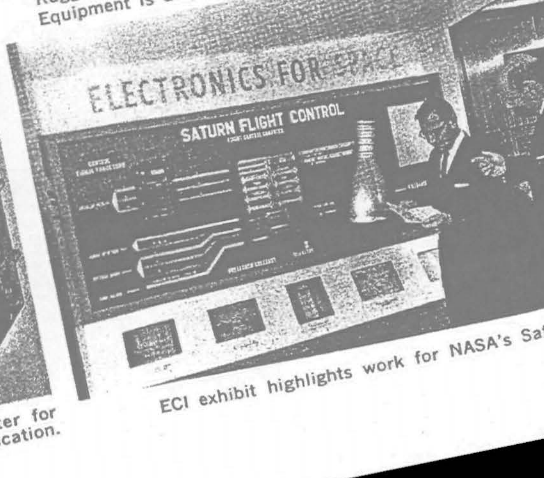


Rugged transceiver for Marine Corps Tactical Data Syste Equipment is designed for heli-hut air-drop into combat ar

10-kw (PEP) power amplifiers designed and produced for Great Britain.



Solid-state transmitter for aerospace application.



ECI exhibit highlights work for NASA's Sat

RESEARCH DIVISION

Assuring continued growth

Dr. Donald D. King (right) VP-Research, confers with colleague, Dr. Merrill Skolnik.

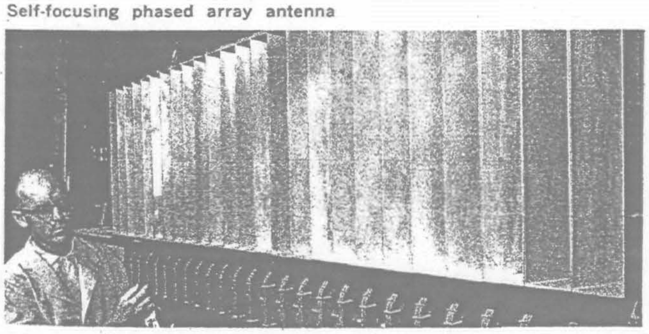
Tomorrow's business is largely the result of today's technological studies. Basic research at Timonium is generating new concepts which tomorrow will carry through to production and marketing.

Fourteen specific research programs were carried out under prime military and NASA contracts. These included classified military projects along with research programs designed to advance the state of the art in electronics.

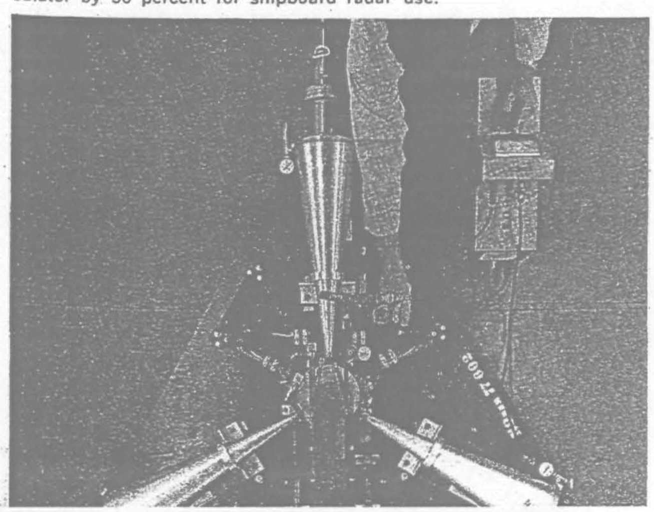
Of particular significance was the completion and successful demonstration of a one-dimensional multi-element self-focusing antenna. Currently, construction is in progress on a two-dimensional antenna. In addition to military applications, phased array antennas such as these have broad potentials in deep space probes and scatter communications.

Other programs served to enhance the Division's position of leadership in millimeter and submillimeter wave research. The development of a new design for radiometers, used both in industry and in space probes, effected major improvements over instruments previously in use. Also, the application of solid state techniques to related problems in the millimeter field began to yield promising results for future components and systems.

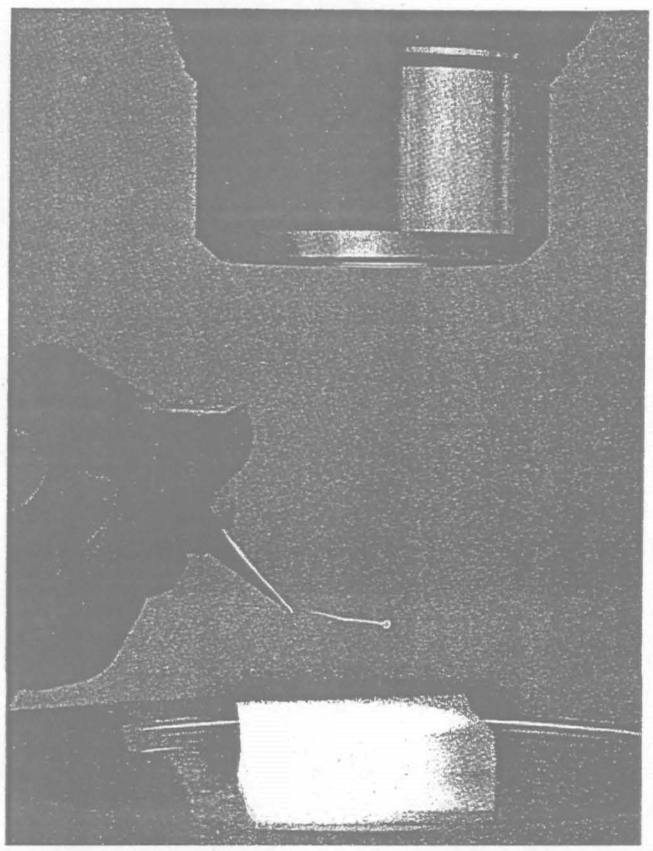
Self-focusing phased array antenna



R&D will reduce size of this high-power Y-circulator by 50 percent for shipboard radar use.



Precision work with bolometer is part of advanced research program in area of millimeter wave lengths.



STANDARD PRODUCTS, INC.

Commercial manufacturing center

James E. McCarthy, VP-Marketing and Sydney M. Murray, President

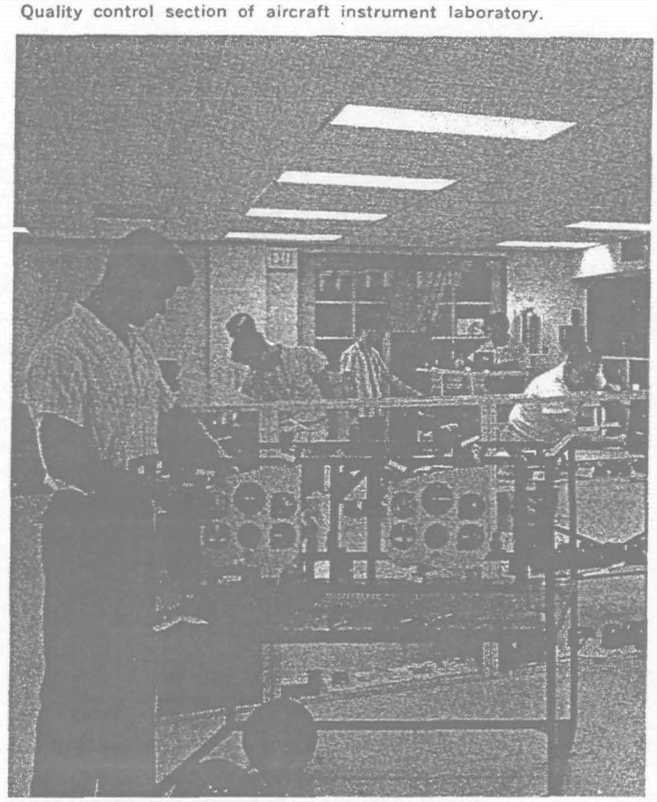
Standard Products, Inc., a wholly-owned subsidiary, became the Company's principal commercial manufacturing operation and its activities were centered in a newly-acquired 40,000-square foot facility in Wichita, Kansas. As a result, manufacturing space and personnel were tripled during the year.

Under a new and strengthened management, Standard Products operations were expanded to include the manufacture of facsimile and electromechanical products formerly produced at St. Petersburg. In addition, the output of aircraft instruments was doubled and production continued on Air Associates seat belts and other aircraft products.

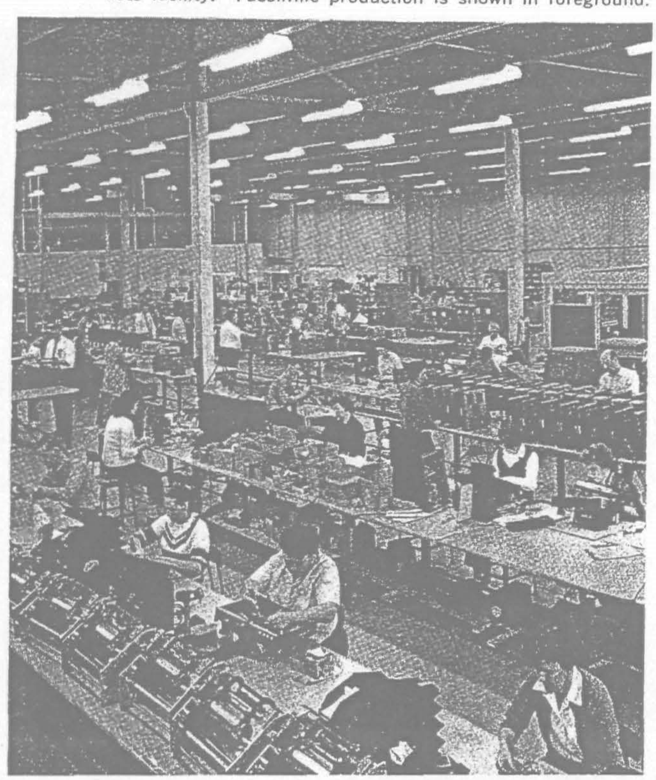
During the year, Western Union Telegraph Company placed an order for 250 Electronic Messenger facsimile transmission units. This was the Company's largest single order to date for a facsimile system which makes possible the transmission of exact copies of printed, photographic or graphic material. Western Union will lease the units to its private wire services customers.

With commercial manufacturing now centered into one activity, there will be increased emphasis on the development, production and marketing of commercial products. The new Standard Products building includes laboratories for research and development along with modern manufacturing facilities.

Quality control section of aircraft instrument laboratory.



Partial view of manufacturing area in new Standard Products facility. Facsimile production is shown in foreground.



AIR ASSOCIATES, INC.

New facilities, new programs

Howell E. Morgan, VP-Treasurer; Vernon B. Benfer, President; William D. Roosevelt, Chairman and VP.

Air Associates, Inc., embarked on a vigorous program to strengthen its position as the nation's oldest and largest distributor of aircraft products.

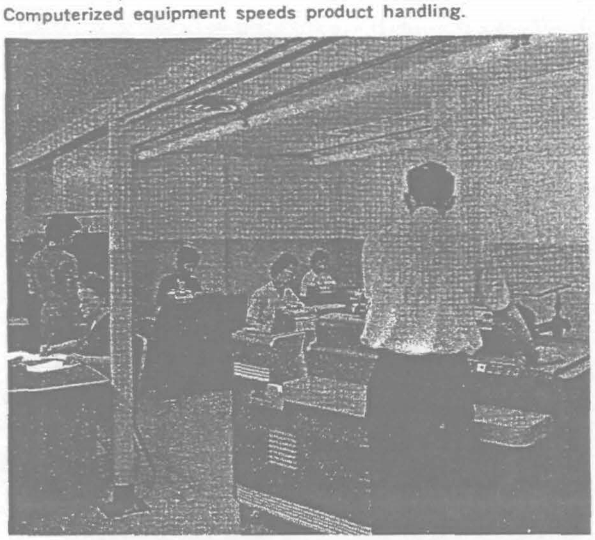
Headquarters of the wholly-owned subsidiary were moved from Teterboro, New Jersey, to Wichita, Kansas, where a 50,000-square foot central supply depot was established at the heart of the nation's light plane industry and close to the geographic center of the United States. Establishment of the central supply depot enabled Air Associates to institute a program of central purchasing to serve its 14 branch offices and warehouses across the country.

Air Associates management was strengthened with the election of a new President and the appointment of a Director of Marketing. Programs designed to strengthen the Company's sales and service capabilities are being instituted.

New product lines were acquired during the year and a new branch office was opened at Charlotte, North Carolina. Air Associates now handles an inventory of more than 3,000 separate items ranging from sun glasses to tires, propellers, radio and navigation equipment. These items are currently being entered on IBM cards to afford computerized inventory, sales and shipping control.

Air Associates branch office in Dallas, one of 14 across the nation.

Computerized equipment speeds product handling.



Large stockpiles at Air Associates branches make immediate deliveries possible.

CONSOLIDATED

ASSETS

		SEPTEMBER 30 1962	SEPTEMBER 30 1961
CURRENT ASSETS	Cash	$ 1,139,668	$ 987,849
	Accounts receivable, less reserve	1,328,409	1,593,320
	Amounts receivable under defense contracts (Note 1)	5,611,158	4,401,657
	Inventories, at the lower of cost (first-in, first-out basis) or market —		
	Aircraft supplies, parts and accessories	2,945,759	2,350,407
	Work in process, less progress payments of $1,075,213 in 1962 (Note 1)	3,211,150	3,047,019
	Prepaid insurance, taxes, etc.	258,900	188,375
	Total current assets	$14,495,044	$12,568,627
PROPERTY, PLANT AND EQUIPMENT, at cost	Land	$ 182,756	$ 161,204
	Buildings	1,846,932	1,622,618
	Machinery and equipment, etc.	2,627,659	2,348,553
		$ 4,657,347	$ 4,132,375
	Less — Reserve for depreciation	1,513,423	1,367,986
		$ 3,143,924	$ 2,764,389
		$17,638,968	$15,333,016

The accompanying notes to financial statements

;ALANCE SHEETS

LIABILITIES

		SEPTEMBER 30 1962	1961
CURRENT LIABILITIES	Notes payable ($2,700,000 due to banks February 28, 1963, under Restated V-Loan Agreement — Note 1)	$ 2,860,770	$ 4,029,750
	Accounts payable	3,407,590	2,383,218
	Provision for income taxes	544,637	526,336
	Accrued salaries, wages, taxes, interest, etc.	407,647	346,672
	Installments on long-term debt due within one year	60,467	68,814
	Total current liabilities	$ 7,281,111	$ 7,354,790
LONG-TERM DEBT	First mortgage note, payable in installments to 1975, less amounts due within one year	$ 1,032,216	$ 911,819
	Other	—	143,322
		$ 1,032,216	$ 1,055,141
CAPITAL STOCK AND SURPLUS (Notes 1, 2, 5 and 6)	6% cumulative convertible preferred stock, par value $10.00 per share, authorized 200,000 shares, outstanding 38,237 shares	$ 382,370	$ 389,830
	Common stock, par value $1.00 per share, authorized 1,000,000 shares, outstanding 719,728 shares	719,728	617,482
	Capital surplus	5,073,541	3,450,751
	Earned surplus	3,150,002	2,465,022
		$ 9,325,641	$ 6,923,085
		$17,638,968	$15,333,016

: *integral part of these balance sheets.*

CONSOLIDATED STATEMENTS OF INCOME

		YEAR ENDED SEPTEMBER 30	
		1962	1961
NET SALES	Electronic (research, development and equipment)	$26,687,061	$12,606,446
	Aircraft supplies and other equipment	10,198,138	9,674,548
	Net sales	$36,885,199	$22,280,994
COSTS AND EXPENSES	Manufacturing costs, selling and administrative expenses (including depreciation of $288,684 in 1962 and $263,429 in 1961)	$35,129,333	$21,425,269
	Interest expense	291,603	322,543
	Other (income) deductions, net	30,116	(32,971)
		$35,451,052	$21,714,841
	Income before income taxes	$ 1,434,147	$ 566,153
INCOME TAX PROVISION		726,000	260,000
	Net income	$ 708,147	$ 306,153

CONSOLIDATED STATEMENTS OF SURPLUS

		YEAR ENDED SEPTEMBER 30	
		1962	1961
EARNED SURPLUS	Balance at beginning of the year	$2,465,022	$2,182,882
	Net income	708,147	306,153
	Cash dividends on 6% cumulative preferred stock	(23,167)	(24,013)
	Balance at end of the year (Notes 1 and 5)	$3,150,002	$2,465,022
CAPITAL SURPLUS	Balance at beginning of the year	$3,450,751	$3,334,927
	Add—		
	Excess of par value of 6% cumulative convertible preferred stock over par value of common stock issued on conversion (746 shares in 1962 and 3,265 shares in 1961)	6,341	27,753
	Amount by which option price exceeded par value of common stock sold under employee stock options (1,127 shares in 1962 and 15,376 shares in 1961)—Note 2	9,913	88,071
	Excess of proceeds (net of $46,464 of expenses) from sale of 100,000 shares of common stock over par value thereof	1,606,536	—
	Balance at end of the year (Note 5)	$5,073,541	$3,450,751

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 1962

1. RESTATED V-LOAN AGREEMENT AND COLLATERAL:

The Restated V-Loan Agreement was amended as of May 15, 1962, to provide that the Company, upon written request, will assign as collateral for such loan the moneys due and to become due under defense contracts entered into after that date (as of September 30, 1962, no request for assignment has been made). However, on contracts entered into prior to that date, the Company has assigned defense contract receivables of $3,438,451 and unfilled defense contracts totaling $6,121,415 as security for the loan. Substantially all of the work in process inventory at September 30, 1962, was acquired or produced principally for such assigned contracts.

Net current assets at September 30, 1962, as defined in the Agreement, amounted to $7,213,933 as compared to a minimum requirement under the Agreement of $5,000,000.

The Agreement provides that, except with the prior consent of the lenders, the Company shall not pay dividends on its common stock, except stock dividends, or reacquire any of its capital stock.

2. STOCK OPTIONS:

The stockholders have approved certain stock options whereby 58,466 shares of common stock may be sold to selected executives and key employees at 85% of the fair market value of the shares at date of grant. The options are exercisable in three annual installments on a cumulative basis.

During the year ended September 30, 1962, options for 8,700 shares were granted and options for 13,117 shares were canceled. Options for 1,127 shares were exercised during the year at varying prices for amounts aggregating $11,040. At September 30, 1962, options were outstanding with respect to 47,183 shares at varying prices, as shown below:

Number of Shares	Option Prices per Share	Aggregate Option Price
1,000	$ 6.27 to $ 6.60	$ 6,517
21,850	13.82 to 17.64	337,617
24,333	22.00 to 29.75	616,407
47,183		$960,541

Under these stock option plans, the number of shares approved and outstanding as set forth above was increased by 5% to reflect the 5% stock dividend referred to in Note 5.

3. CONTINGENT LIABILITIES:

A substantial part of the sales for the two years ended September 30, 1962, were made under defense contracts subject to price redetermination and statutory renegotiation.

It is the opinion of management that future price redetermination proceedings will have no adverse effect on the accompanying consolidated financial statements and that no refund of profits will be required under renegotiation.

4. METHOD OF PROFIT ACCRUAL:

Profits are recorded on defense contracts, prior to completion thereof, where, in the opinion of management, such profits can be reasonably estimated after taking into consideration the stage of contract completion and estimated final costs and prices.

5. COMMON STOCK DIVIDEND:

The Board of Directors, on August 27, 1962, declared a 5% common stock dividend payable October 15, 1962, to holders of common stock of record October 1, 1962, and directed that an amount equivalent to the fair value of the shares issued ($553,285 for 35,986 shares) be transferred from earned surplus to (a) the common stock account in the amount of the par value of such shares ($35,986) and (b) capital surplus in the amount of the balance ($517,299) upon issuance of the stock.

6. PREFERRED STOCK:

The 6% cumulative convertible preferred stock (par, liquidation and redemption values $10 per share) is convertible into common stock in a ratio of one and one-half shares of common for each share of preferred.

After the 5% stock dividend referred to in Note 5, each share of preferred will be convertible into 1.575 shares of common.

ARTHUR ANDERSEN & CO.

34 PEACHTREE STREET, N.W.
ATLANTA 3

To the Stockholders and Board of Directors of Electronic Communications, Inc.:

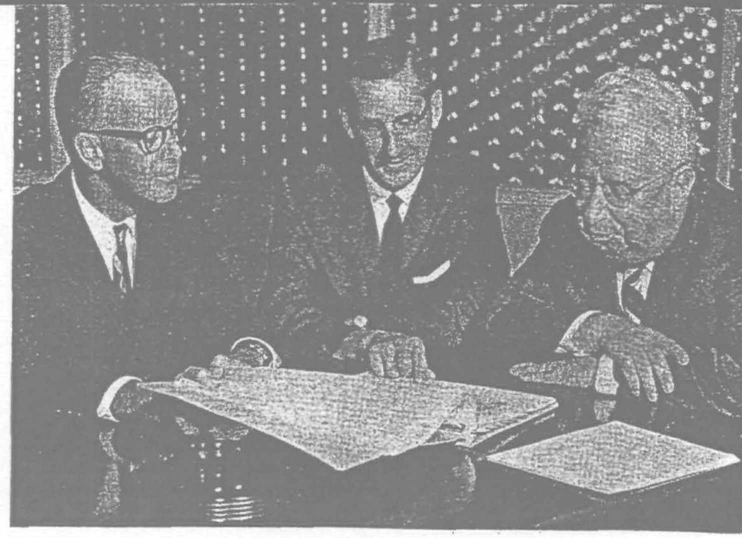
We have examined the consolidated balance sheet of Electronic Communications, Inc. (a New Jersey corporation) and subsidiaries as of September 30, 1962, and the related consolidated statements of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income and surplus present fairly the financial position of Electronic Communications, Inc. and subsidiaries as of September 30, 1962, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Andersen & Co.

Atlanta, Georgia,
November 2, 1962.

Financial trends



C. L. Lord, VP-Secretary and Treasurer; Eugene A. Horvath, Controller; W. R. Yarnall, Chairman and VP-Finance.

The material on these pages graphically traces the changing concepts at ECI over recent years.

Through 1959, the Company's electronics business was centered largely in subcontracts for the manufacture of communications equipment for the Century series of fighter aircraft.

With the phasing out of manned fighter aircraft, the Company moved strongly into command and control communications where it is now firmly established as a systems manager and major prime contractor.

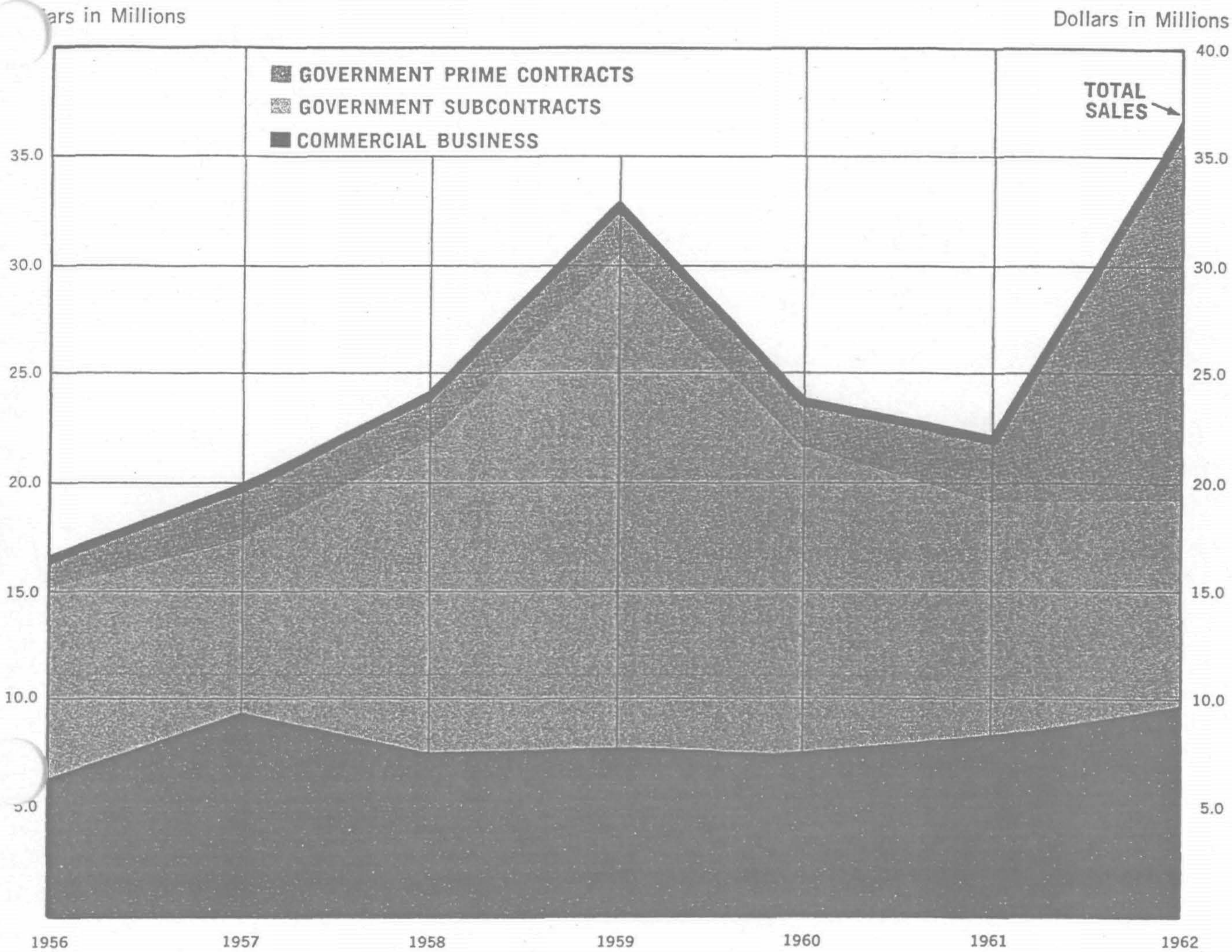
Preceding the development of a systems management capability was an increased emphasis on research, development and engineering. The upswing in prime contracts quickly followed the upswing in research, development and engineering expenses.

(except for per share figures all dollar amounts are in thousands)

	1962	1961	1960	1959	1958	1957	1956
Electronic sales	**$ 26,687**	$ 12,606	$ 14,271	$ 21,599	$ 12,598	$ 4,687	$ 3,001
Aircraft supplies and other sales	**10,198**	9,675	9,687	11,313	11,404	15,139	13,538
Total sales	**$ 36,885**	$ 22,281	$ 23,958	$ 32,912	$ 24,002	$ 19,826	$ 16,539
Manufacturing costs, selling and administrative expenses	**35,129**	21,425	24,711	31,007	23,150	18,840	15,978
Interest expense	**292**	323	252	295	391	253	170
Net income (loss)	**708**	306	(558)	810	576*	336	319*
Current assets	**14,495**	12,569	10,849	13,323	12,137	10,412	8,601
Current liabilities	**7,281**	7,355	6,617	8,276	9,276	7,744	5,951
Net current assets	**7,214**	5,214	4,232	5,047	2,861	2,668	2,650
Net worth	**9,326**	6,923	6,537	7,095	4,592	3,416	3,780
Number of preferred shares	**38,237**	38,983	42,248	44,290	58,816	60,891	61,691
Number of common shares	**719,728**	617,482	597,209	590,076	398,120	394,857	393,657
Per common share (after requirements of preferred stock):							
Net income (loss) and special items	**$ .95**	$ .46	$ (.98)	$ 1.32	$ .56	$ .76	$ .72
Net current assets	**9.49**	7.81	6.38	7.80	5.71	5.21	5.17
Net worth	**12.43**	10.58	10.24	11.27	10.06	7.11	8.04

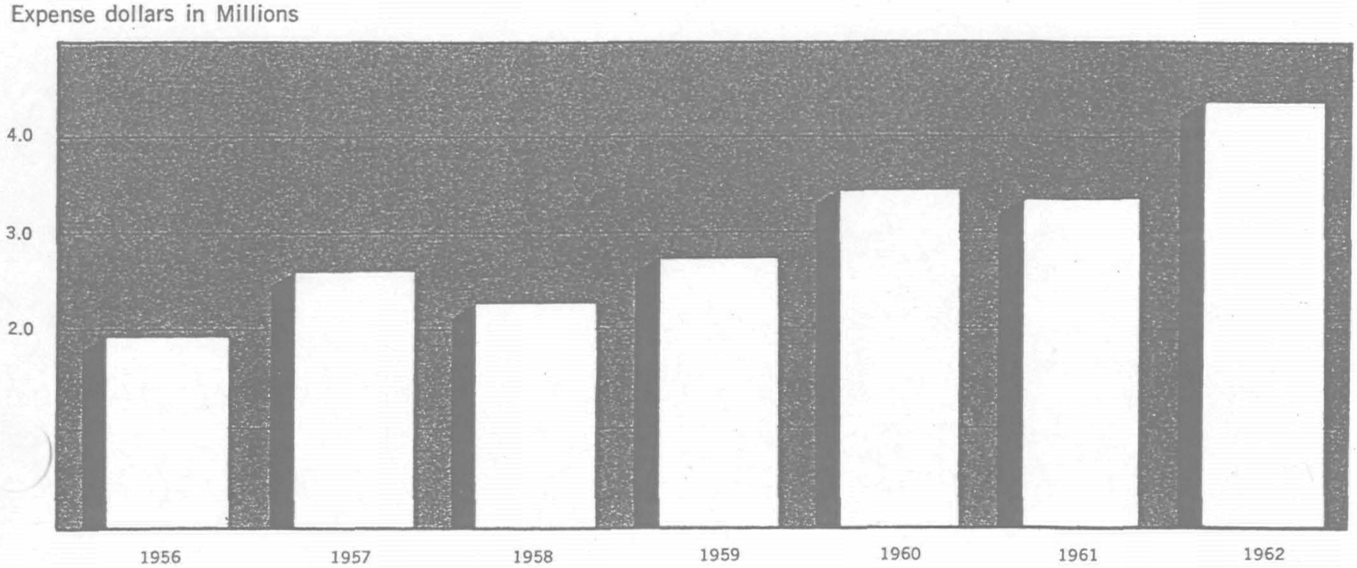
*Includes special items amounting to $318 in 1958 and $79 in 1956.

SALES TRENDS



RESEARCH, DEVELOPMENT and ENGINEERING

Expense dollars in Millions



NATIONWIDE SERVICE NETWORK

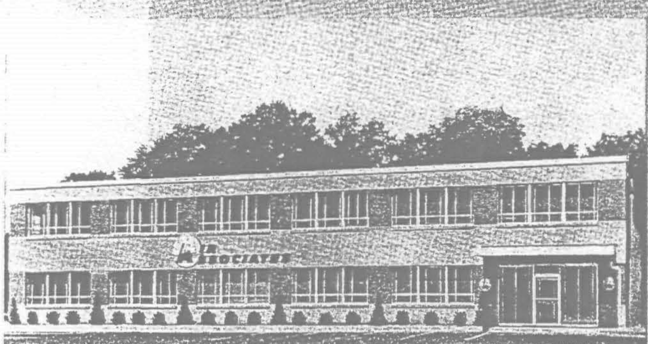
LEGEND

Black symbols indicate principal offices

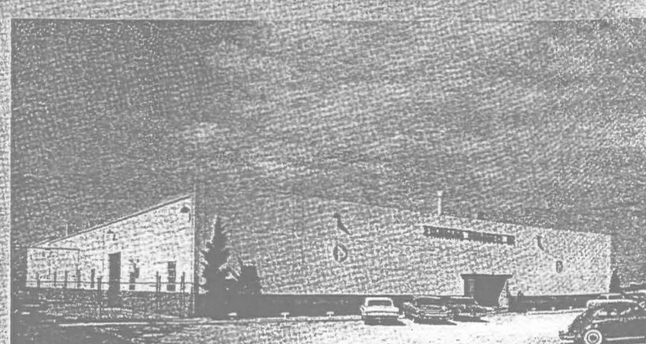
- ECI offices and facilities
- Air Associates offices and facilities
- Standard Products offices and facilities

St. Petersburg Division

Research Division



Air Associates, Inc.



Standard Products, Inc.

DIRECTORS

Electronic Communications, Inc.

W. R. YARNALL, Chairman

C. K. BAXTER, President
The Donner Corporation
Philadelphia, Pennsylvania

S. W. BISHOP, President
Electronic Communications, Inc.

J. PAUL CRAWFORD, JR., Vice President
Chemical Bank New York Trust Company
New York, New York

JOHN D. KERR,* Board Chairman
Product Techniques, Inc.
Los Angeles, California

H. A. KROEGER, Partner
A. & H. Kroeger Organization
New York, New York

DUNCAN MILLER, Vice President
Laird & Company Corporation
New York, New York

WILLIAM D. ROOSEVELT, Vice President
Air Associates, Inc.

E. P. T. SMITH, JR., Vice President
The Donner Corporation
Philadelphia, Pennsylvania

J. B. WILLIAMS, Vice President
Electronic Communications, Inc.

GILL ROBB WILSON, Publisher
Flying Magazine
New York, New York

*Elected October 22, 1962

Air Associates, Inc.

WILLIAM D. ROOSEVELT, Chairman

C. K. BAXTER, President
The Donner Corporation
Philadelphia, Pennsylvania

V. B. BENFER, President
Air Associates, Inc.

S. W. BISHOP, President
Electronic Communications, Inc.

A. D. BUTTON, President
The Fourth National Bank and Trust Co.
Wichita, Kansas

H. A. KROEGER, Partner
A. & H. Kroger Organization
New York, New York

GILL ROBB WILSON, Publisher
Flying Magazine
New York, New York

W. R. YARNALL, Vice President
The Donner Corporation
Philadelphia, Pennsylvania

Standard Products, Inc.

WILLIAM D. ROOSEVELT, Chairman

S. W. BISHOP, President
Electronic Communications, Inc.

A. D. BUTTON, President
The Fourth National Bank and Trust Co.
Wichita, Kansas

C. L. LORD, Vice President, Secretary and Treasurer
Electronic Communications, Inc.

R. F. MULLINS
Arn, Mullins, Unruh, Timmerman & Kuhn
Wichita, Kansas

S. M. MURRAY, President
Standard Products, Inc.

GILL ROBB WILSON, Publisher
Flying Magazine
New York, New York

W. R. YARNALL, Vice President
The Donner Corporation
Philadelphia, Pennsylvania

OFFICERS

S. W. BISHOP, President

W. R. YARNALL, Vice President — Finance

J. B. WILLIAMS, Vice President and General Manager, St. Petersburg Division

P. G. HANSEL, Vice President — Engineering

D. D. KING, Vice President — Research

C. L. LORD, Vice President, Secretary and Treasurer

L. W. WILLEY, Vice President — Operations

E. A. HORVATH, Controller

T. F. PEPPEL, Assistant Secretary

E. P. T. SMITH, JR., Assistant Secretary

JOHN ERNEST, Assistant Secretary

SUBSIDIARY MANAGEMENT

Air Associates, Inc.

V. B. BENFER, President

WILLIAM D. ROOSEVELT, Vice President

J. G. HUSSEY, Vice President

C. L. LORD, Vice President and Secretary

H. E. MORGAN, Vice President and Treasurer

Standard Products, Inc.

S. M. MURRAY, President

J. E. McCARTHY, Vice President — Marketing

C. L. LORD, Secretary

H. E. MORGAN, Treasurer

TRANSFER AGENTS

Registrar and Transfer Company,
New York and Jersey City

REGISTRAR

Chemical Bank New York Trust Company,
New York

AUDITORS

Arthur Andersen & Co.

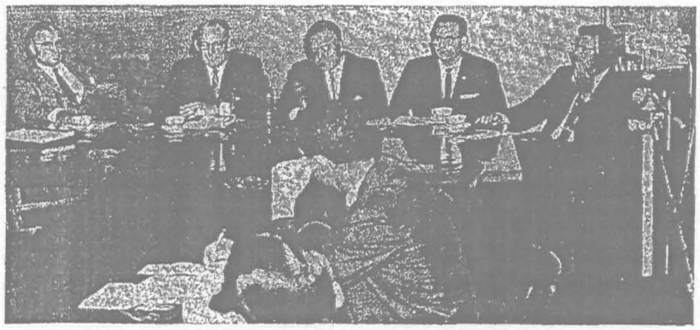
GENERAL COUNSEL

Ballard, Spahr, Andrews & Ingersoll,
Philadelphia

ECI Communicator

ELECTRONIC COMMUNICATIONS, INC.

VOLUME 1, NO. 7 ST. PETERSBURG, FLA. JULY, 1962



WICHITA PRESS CONFERENCE—S. W. Bishop, ECI President, second from left, announces Company program to expand and strengthen its commercial posture during conference with newsmen held in Wichita last week. Those shown, are, left to right: Will Price, Jr., President, Wichita Chamber of Commerce; Mr. Bishop; S. M. Murray, President of Standard Products; J. G. Hussey, Acting General Manager of Air Associates, and Fred Berry Chairman of the Wichita Chamber's Industrial Committee.

ECI Awards $678,000 Building Contract For St. Petersburg Engineering Addition

(Photo on Page 4)

The last part of June, ECI [illegible]unced the award of a [illegible]00 contract to A.P. Hen[illegible] and Sons of St. Petersburg for the construction of an addition to the engineering and administration building in St. Petersburg.

The contract calls for a 75,000-square-foot addition to the present 50,000-square-foot facility.

President S.W. Bishop said preliminary work has started and that official groundbreaking will be held in the immediate future.

It is expected that the new building will be occupied by the end of this year.

$47,795 Contract Awarded to Company

The Research Division of ECI has received a $47,795 contract from the Army Signal Supply Agency, Fort Monmouth, N.J., for a study of surface wave techniques in the design of light-weight, flush configuration and reduced thickness antennas.

Dr. Donald D. King, ECI vice president and head of the Research Division, at Timonium, Md., said contact calls for the delivery of an experimental breadboard model of the most promising configuration as determined by the research effort.

Series of Moves Made by ECI To Expand Commercial Position

A series of moves designed to expand and strengthen the commercial posture of ECI were announced last week by President S. W. Bishop during a special press conference held in Wichita, Kansas.

The Company's ultimate objective is to attain a 50-50 earnings ratio between government and commercial business through an increase in non-defense activity. To achieve this, Mr. Bishop said, the Company is actively seeking acquisitions in the commercial area, and in addition has taken the following steps:

1. The Company's principal commercial manufacturing activities have been centered in a newly-acquired 40,000-square-foot facility in Wichita.

AAI Relocated

2. Air Associates, Inc. has moved its headquarters from Teterboro, N.J., to Wichita, and will establish a new central supply depot in a 50,000-square-foot facility formerly occupied by SPI.

In elaborating, Mr. Bishop said there are several reasons behind this move. Of primary importance is the establishment of a headquarters office and supply depot close to the geographical center of the U.S. From here AAI will serve its 14 branches across the country.

The central supply depot will permit AAI to institute a program of central purchasing to serve its widely-dispersed branch warehouses and, in addition, will place its headquarters close to the heart of the nation's light plane and commercial aviation industry.

Area Headquarters

Only the executive offices of AAI have been affected by the move. Existing facilities in Teterboro will be retained and will serve as Eastern Area headquarters under the direction of Henry M. Stewart. Western Area headquarters are in Glendale, Calif., under the direction of J. G. Hussey, Jr., AAI Vice President.

Other key personnel at Wichita will include William

(Continued on Page 2)

Company Awarded Research Grant

ECI announced it is beginning three initial study programs in space and electronic medicine under a research grant from the Mound Park Foundation for Research and Education.

The work will be carried out by the Company's newly established Life Sciences Group under the direction of Dr. Terry F. Tanner, and Paul Hansel, ECI Vice President, Engineering. Prominent outside consultants also will be utilized in the programs.

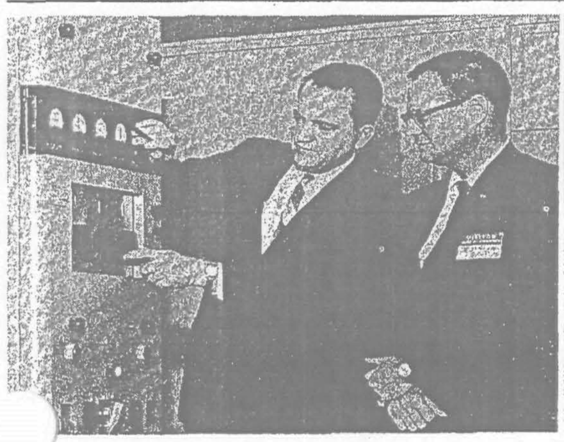
Programs Entered

Programs entered include:

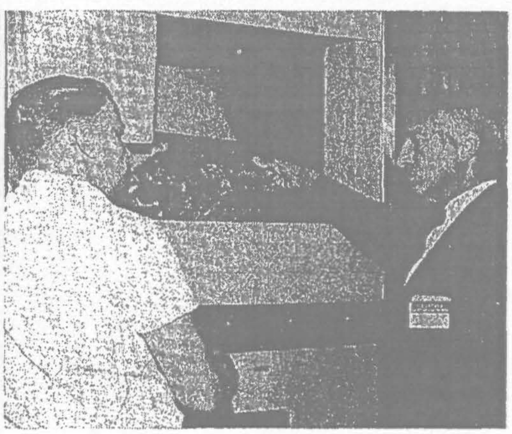
1. A study to determine the ideal site or sites on the human body for medical monitoring of an astronaut's vital functions during space flight.

2. A study to determine the effects of direct current on wound healing.

3. A study to determine the feasibility of measuring, through electrical means, the physiological reactions of a human being under hypnosis.



[illegible]ER R. MURRAY, Technical Director, Aeronautcial Systems Division, USAF Systems Command, Wright Patterson AFB, right, examines ECI's Model 96 Power Amplifier during a tour of the St. Petersburg plant in June. Paul Hansel, Vice President, Engineering, is also pictured.



COL. EDWARD FRIEDLANDER, Director of Systems Acquisition, U.S. Air Force, right, discusses testing procedures with R. C. Austin, Test Department during his tour of the Company's St. Petersburg Division facilities the latter part of June.

Van Dusen Aircraft Buys Division of Electronic Communications, Inc.

Wall Street Journal (1889-Current file)
New York, N.Y.: Feb 6, 1963 pg. 1

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Abstract (Article Summary)

ST. PAUL Electronic Communications, Inc., St. Petersburg, Fla., said it sold its Air Associates, Inc., subsidiary to Van Dusen Aircraft Supplies, Inc., Minneapolis.

Van Dusen Aircraft Buys Division of Electronic Communications, Inc.

Special to THE WALL STREET JOURNAL

ST PAUL — Electronic Communications, Inc., St. Petersburg, Fla., said it sold its Air Associates, Inc., subsidiary to Van Dusen Aircraft Supplies, Inc., Minneapolis.

Van Dusen will pay $1.5 million cash and issue about 12,000 shares of its 1%, 100 par sinking fund preferred stock to buy for book value certain assets of the unit, subject to certain liabilities, the companies said.

Van Dusen, a national distributor of aircraft supplies, had sales of about $6.5 million in fiscal 1962, ended March 31. With Air Associates, its consolidated annual sales are expected to approximate $15 million, a spokesman said.

Samuel W. Bishop, Electronic Communications president, said sale of the Wichita, Kans., unit "will enable the company to concentrate on research, development and manufacturing." The company, which had sales of $22 million in fiscal 1961 ended Sept. 30, is an electronic systems contractor and makes communications, electronic and electro-mechanical equipment.

C. B. Van Dusen, president of the Minneapolis concern, said the move will allow it to serve aircraft operators, airlines and the aerospace industry more efficiently.

WITHDRAWN FEB 27 1978

FOREIGN F-3957

Name VAN DUSEN AIRCRAFT SUPPLIES, CENTRAL DIVISION, INC.
2801 E. 78th St. Minn. 20, Minn.

MISSOURI

Registered Office First National Bank Bldg.
Topeka, Kansas

Resident Agent The Corporation Company, Inc
(same)

Capital Stock, $ 3,000
Alleged
See card

FEES PAID

Application ....$	25	00
Filing and Recording ....$	2	50
Capitalization ....$	10	00

Filed April 24, 1963 19

Recorded, Book C-64 Page 503

Term 50 years

29-6611-8—33-18 1-63-4M Form No. 295C

FILED
APR 24 1963
PAUL ... HAHAN
... ATE

Application for Authority to Engage in Business in the State of Kansas as a Foreign Corporation

TO THE CHARTER BOARD OF THE STATE OF KANSAS:

The VAN DUSEN AIRCRAFT SUPPLIES, CENTRAL DIVISION, INC., a corporation, organized under the laws of the State of Missouri, applies for permission to engage in business in the State of Kansas, and for that purpose submits the following statement, to wit:

FIRST: A certified copy of its Charter or Articles of Incorporation, which is filed herewith.

SECOND: The place where the principal office or place of business of said corporation is located is

HOME OFFICE 2801 East 78th Street, Minneapolis 20, Minnesota

KANSAS OFFICE 650 East Gilbert, Wichita, Kansas

THIRD: The location of its registered office in this state is FIRST NATIONAL BANK BUILDING, SHAWNEE COUNTY, TOPEKA, KANSAS, c/o THE CORPORATION COMPANY, INC.

(Number) (Street) (Town or City) (County)

The resident agent is hereby designated to be THE CORPORATION COMPANY, INC., FIRST NATIONAL BANK BUILDING, SHAWNEE

(Individual or Corporation)

COUNTY, TOPEKA, KANSAS, c/o THE CORPORATION COMPANY, INC.

(Number) (Street) (Town or City) (County)

FOURTH: The full nature and character of the business in which said corporation proposes to engage within the State of Kansas is to engage in the wholesale distribution of all kinds of aviation parts, supplies, and accessory items to the aircraft industry.

FIFTH: As indicated by the Articles of Incorporation, the corporate existence of the applying corporation is perpetua ~~will ex-pire in the state of incorporation on the ________ day of~~ ______________, ______.

SIXTH: The names and post-office addresses of the officers, trustees, and directors are:

G. B. Van Dusen	President & Director	2801 East 78th Street, Minneapolis 20, Minnesota
George R. Galipeau	Vice President and Director	2801 East 78th Street, Minneapolis 20, Minnesota
Mathew J. Levitt	Secretary	210 Roanoke Building Minneapolis 2, Minnesota
J. K. Nelson	Treasurer	2801 East 78th Street, Minneapolis 20, Minnesota
Paul G. Bingaman	Director	2801 East 78th Street, Minneapolis 20, Minnesota

SEVENTH: The amount of authorized capital stock of said corporation is Fifteen Thousand (15,000) Dollars,

divided into one hundred fifty thousand (150,000) Shares,

of Ten Cents ($.10) Dollars each.

The amount of lawfully issued capital stock of said corporation is Fifteen Thousand (15,000) Dollars.

The proportion of the lawfully issued capital stock of said corporation which it proposes to invest and use in its business in the State of Kansas is Twenty percent.

The amount of said lawfully issued capital stock to be represented in the State of Kansas is Three Thousand (3,000) Dollars.

We further state that the above application is made in good faith, with the intention that said corporation shall actually engage in the business specified, and none other.

EIGHTH

RESOURCES	DOLLARS	CTS.	LIABILITIES	DOLLARS	CTS.
BILLS RECEIVABLE			CAPITAL PAID UP	15,000	.00
REAL ESTATE	26,821	.79	SURPLUS Paid In Earned	111,354 38,690	.49 .32
PERSONAL PROPERTY	87,611	.87	UNDIVIDED PROFITS		
Depr. Res. (RE & PP) STOCKS, BONDS AND OTHER SECURITIES	(149,702	.17)	BILLS PAYABLE		
MERCHANDISE	586,172	.27	ACCOUNTS PAYABLE	208,251	.67
CASH ON HAND	2,000	.00	BONDED INDEBTEDNESS		
DUE FROM BANKS	4,933	.70	ENCUMBRANCE ON REAL ESTATE OR PLANT		
ACCOUNTS RECEIVABLE	306,083	.43	Accrued Expenses	8,153	.59
JUDGMENTS			Reserve for Inc.Taxes	8,239	.83
Investment in Subsidiaries	75,803	.74	Due affiliated Companies	665,865	.83
Prepaid Ins. & Supplies	15,831	.10			
TOTAL	1,055,555	.73	TOTAL	1,055,555	.73

STATE OF MINNESOTA,
HENNEPIN County, } ss.

I, G. B. Van Dusen President,

and I, Mathew J. Levitt, Secretary,

of the above-named corporation, do solemnly swear that the above is a full and complete statement of the resources and liabilities of said corporation as shown by the books of the same, and that said statement and the several matters and things contained in this application are true in every particular, to the best of my knowledge and belief. So help me God.

G. B. Van Dusen President.
G. B. Van Dusen

Mathew J. Levitt Secretary.
Mathew J. Levitt

SUBSCRIBED AND SWORN TO before me this 29th day

[SEAL] of March, A. D. 1963

Jerry F. Robinson
Notary Public.

My commission expires September 26, 1968

OFFICE OF SECRETARY OF STATE

Received of VAN DUSEN AIRCRAFT SUPPLIES, CENTRAL DIVISION, INC.

and deposited in the State Treasury fees on this application as follows:

April 24, 1963	Application fee	$25.00
	Filing and recording fee	$2.50
	Capitalization fee	$ 10.00

Paul R Shanahan

Secretary of State.

By William B Stevens

Assistant Secretary of State.

FILED

PAUL R. SHANAHAN

APR 24 10 58 AM 1963

G-64-523

Foreign Corporation

APPLICATION

OF THE

VAN DUSEN AIRCRAFT SUPPLIES

CENTRAL DIVISION, INC.

OF

MISSOURI

Approved by Charter Board this 24th day of April 1963

Paul R Shanahan

State Charter Board.

'73 FEB 27 PM 1:10

FILED
ELWILL M. SHANAHAN
SECRETARY OF STATE
KANSAS

CERTIFICATE OF SURRENDER OF AUTHORITY
AND WITHDRAWAL FROM THE STATE OF KANSAS

F-3957

MAY 27 3 06600 ****

The undersigned VAN DUSEN AIRCRAFT SUPPLIES, CENTRAL DIVISION, INC., a corporation of the state of Missouri and authorized to do business in the state of Kansas does hereby certify:

That said corporation surrenders its authority to transact business in the state of Kansas and withdraws therefrom, and

That the address to which the Secretary of State of Kansas may mail any process against such corporation that may be served upon him is 2801 East 78th Street, Minneapolis, Minnesota 55420.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed on its behalf by its Vice President and Assistant Secretary this 24TH day of May, 1977.

VAN DUSEN AIRCRAFT SUPPLIES, CENTRAL DIVISION INC.

(CORPORATE SEAL)

By ____________________
Allen O. Johnson, Vice President

ATTEST:

____
Jerry F. Rotman, Assistant Secretary

Capital Stock: Vacuum-Electronics Corp. common; par $1. Authorized, 2,000,000 shs.; outstanding, 1,002,655 shs. Frank Raible and Albert Nerken own 36.6% and 37.4% respectively.

Has one vote per sh. No preemptive rights.

Dividends (calendar years):

1962–63 .. nil [1]1964--- $0.20

[1]To Jan. 11.

Transfer and Dividend Disbursing Agent: Chase Manhattan Bank, New York.

Registrar: Franklin National Bank of Long Island, Mineola, N. Y.

Offered (100,000 shares) at $15 a share (proceeds to company, $13.90 a share) on Jan. 26, 1961 by Lehman Brothers, New York, and associates.

Price Range:	1963	1962	1961
High	18½	24	33
Low	8¾	9½	15

Stock Options held by key employees at Sept. 30, 1963 on 55,955 shares at prices from $7.04 per share to $19.00 per share, expire to 1973.

VALVE CORP. OF AMERICA

Background: Inc. Del. July 14, 1961, succeeding V. C. A., Inc., formed in 1953. In Aug. 1963, acquired Evans-Crowder Co., So. Lyon, Mich., for $150,000 and 4,545 common shares (now operating as a Div.). Makes valves for aerosol products and furnishes related packaging services and products. Also makes atomizers and dispensers for perfume, cologne and hand creams. Office: 1720 Fairfield Ave., Bridgeport, Conn. Stockholders, 714. Employees, 400.

Directors: P. H. Sagarin, Pres.; E. G. Ackerman, Saul Ritter, David Small, L. E. Fenn.

Other Officers: F. B. Pickering, William O'Donnell, Elmer Lipman, George Macura, Vice-Pres.; Florence Artell, Treas.; Bernard Glazer, Sec. and Gen. Counsel.

Sales and Earnings, yrs. to Oct. 31 (in $):

	Net Sales	Net Income	No. of Com. Shs.	Earn. Com. Sh.
1963	5,406,341	375,834	478,470	0.79
1962	5,377,569	300,837	466,425	0.65

Condensed Balance Sheet, as of Oct. 31:

Assets:	1963	1962
Cash	$663,492	$667,986
Receivables, net	679,706	662,093
[1]Inventories	473,308	354,545
Prepayments	8,939	13,568
Total current	$1,825,445	$1,698,192
Net property	1,016,946	448,249
Intangibles, net	85,107	99,115
Other assets	35,136	52,795
Total	$2,962,634	$2,298,351
Liabilities:		
Accounts payable	$474,427	$339,720
Notes, etc., pay.	72,682	59,487
Accruals	118,209	82,990
Fed. income tax	328,415	294,080
Total current	$993,733	$776,277
Notes, etc., pay.	176,376	124,233
Deferred income	26,995	17,355
Com. stock ($0.25)	119,617	116,606
Capital surplus	577,171	477,687
Earned surplus	1,068,742	786,193
Total	$2,962,634	$2,298,351
Net current assets	$831,712	$921,915
Net tang. com. sh.	$3.51	$2.75

[1]Lower cost (fifo) or mkt.

Long Term Debt: (1) Outstanding Oct. 31, 1963, (1) $49,996 5% unsecured note payable monthly $2,778; (2) $71,667 debt payable $20,000 annually to Mar. 1, 1965 and $10,000 annually to Mar. 1970 arising from purchase of patents; (3) $2,570 installment purchase obligations; (4) outstanding Nov. 1, 1963, $124,825 mortgage note payable $2,045 monthly to 1969.

Capital Stock: Valve Corp. of America, common; par 25 cents.

Outstanding, 478,470 shs. One vote per sh. No preempt. rights.

Dividends (calendar years):

1962--- nil 1963--- $0.20 [1]1964---[2]$0.25

[1]To Mar. 19; also 5% in stock.

[2]Also paid 5% in stock.

Listed on American Stock Exchange.

Transfer Agent., Irving Tr. Co., N. Y.

Registrar: Chemical Bk. N. Y. Tr. Co., N. Y.

Offered (145,000 shares) at $7 a share on Sept. 28, 1961 by Lomasney, Loving & Co., New York, and associates. Offering included 75,000 shares for company account.

Price Range:	1963	1962	[1]1961
High	19⅜	19⅝	11¾
Low	9⅜	7¼	7

[1]Bid prices.

Warrants sold for $100 to Lomasney, Loving & Co., underwriters, for purchase of 10,000 shs. at $7 a sh. until 1963 and $9 a sh. until 1966. Outstanding, Oct. 31, 1963, warrants to purchase 2,500 shs.

VAN DUSEN AIRCRAFT SUPPLIES, INC.

History: Incorporated in Minnesota Dec. 29, 1942. On Aug. 31, 1961, acquired General Aviation Supply Co. ~~In Jan., 1963,~~ purchased certain assets of Air Associates, Inc., for 11,507 preferred shares and in Mar., acquired Monitair Corp. in exchange for 10,875 common shares plus cash.

Business: Engaged in wholesale distribution of aviation parts, supplies and materials.

Property: Operates from 20 locations coast to coast.

Subsidiarics (wholly-owned): Van Dusen Aircraft Supplies Eastern Division, Inc.; Midwest Division, Inc.; Miami Division, Inc.; Southwest Division, Inc.; Southern Division, Inc.; Van Dusen Aircraft Supplies of New England, Inc.; Van Dusen Aircraft & Supplies Central Division, Inc.; Monitair Corp.

Directors: G. B. Van Dusen, Chmn. and Chief Exec. Officer; G. R. Galipeau, Pres.; William Carolla, Vice-Pres. and Gen. Mgr.; W. M. Baker, G. V. Doerr, Jr., W. O. Patterson, D. K. Yerxa, John Altorfer.

Other Officers: R. F. Hall, P. G. Bingaman, Vice-Pres.; M. J. Levitt, Sec.; J. K. Nelson, Treas.

Auditors: Arthur Andersen & Co.

Annual Meeting: Second Wednesday in June.

No. of Stockholders: Oct. 27, 1963, 777.

No. of Employees: Mar. 31, 1963, 255.

Office: 2801 East 78th St., Minneapolis 20, Minn.

Consolidated Sales & Earnings, years ended Mar. 31 (in $):

	Net Sales	Net Income	No. Com. & B Shs.	Earn. Com. & B Sh.
[1]'63	9,844,490	157,477	552,093	0.28
[2]'62	6,611,251	105,915	538,718	0.20

[1]Incl. Air Associates, Inc. from Jan. 31, 1963 and Monitair Corp. from Mar. 1, 1963, acq. dates. [2]Incl. General Aviation Supply Co. from Aug. 31, 1961, acq. date.

Consolidated Balance Sheet, as of Mar. 31:

Assets:	1963	1962
Cash	$312,535	$198,501
Receivables, net	2,728,055	1,133,023
[1]Inventories	3,909,775	1,723,963
Prepayments	38,264	37,400
Total current	$6,988,629	$3,092,887
Net property	453,026	326,571
Exc. inv. cost	327,045	102,764
Total	$7,768,700	$3,522,222
Liabilities:		
Notes payable	--------	$175,000
Debt due	$100,000	25,000
Accts. payable	1,997,470	532,866
Accruals	125,847	62,035
Income taxes	131,675	79,222
Total current	$2,354,992	$874,123
Long term debt	2,427,500	1,015,000
4% pfd. stk. ($100)	1,150,700	--------
Com. stk. ($1)	418,483	338,303
Cl. B stk. ($1)	133,610	200,415
Paid-in surplus	581,078	546,452
Retained earnings	702,337	547,929
Total	$7,768,700	$3,522,222
Net current assets	$4,633,637	$2,218,764
Net tg. com. B sh.	$2.73	$2.84

[1]Lower cost or mkt.

Long Term Debt: Outstanding, Mar. 31, 1963, $2,527,500, comprising $1,377,500 6¼% term loan, due $65,000 to $70,000 annually in 1968-78; $500,000 6% note due $100,000 annually to 1968; and $650,000 subordinated debenture 6½s, due $50,000 to $130,000 annually, 1965-73, callable at 106, held privately.

Capital Stock: 1. Van Dusen Aircraft Supplies, Inc. 4% cumulative preferred; par $100: Authorized 15,000 shs.: outstanding, 11,507 shs. All held by Electronic Communications, Inc.

Has preferences for assets and to cumulative dividends of $4 per sh. annually: In any liquidation or redemption, entitled to $100 per sh. and dividends.

Sinking fund of $250,000 on or before Apr. 1, 1964; 25% of net cons. earnings for fiscal year ended Mar. 31, 1965; and 50% of net proceeds thereafter until all shs. have been retired.

Issued: (11,507 shs.) at Jan. 31, 1963 in connection with acq. of Air Associates, Inc.

2. Van Dusen Aircraft Supplies, Inc. common; par $1. Authorized, 1,000,000 shs.; outstanding, 418,483 shs.; reserved for options and warrants. 165,750 shs.

No dividends paid.

Has one vote per sh. No preemptive rights. Entitled to cash divs.; stock divs. may be paid on common and class B, sh. for sh., in shares of respective classes.

Transfer Agents and Registrars: First Pennsylvania Banking & Trust Co., Philadelphia; Northwestern National Bank, Minneapolis.

Offered (100,000 shs.) at $3 a sh. (proceeds to company, $2.70 a sh.) on Mar. 30, 1961, by Stroud & Co., Inc., Philadelphia, and associates. Proceeds for expansion and working capital.

Price Range: 1963, 5⅛-3⅜; 1962, 3½-2⅛.

3. Van Dusen Aircraft Supplies, Inc. class B common; par $1: Authorized, 250,000 shs.; outstanding, 133,610 shs. All held by G. B. Van Dusen.

Has one vote per sh. No preemptive rights. Cash divs. may not be paid; for payment of stock divs., see common.

Convertible into common, sh. for sh. on cumulative basis.

Stock Options and Warrants held by officers, McDougal & Condon, Inc. and Business Capital Corp., et al at Mar. 31, 1963 on 165,750 common shares at $1.67 to $7 per share expire Aug. 31, 1971.

WYOMISSING CORP.

History: Incorporated in Pennsylvania Jan. 2, 1900 as Narrow Fabrics Co.; adopted present name in 1963. In June, 1957 merged Wyomissing Glazed Paper Co. In 1963 acquired 50% interest in Elastiekfabriek Tefab N. V. Oosterhaut, Holland, also 50% in Hengelosche Textielfabriek N. V. Hengelo, Holland.

Business: Company manufactures braided, woven and knitted fabrics; also produces coated and processed paper from based papers purchased from others.

Property: Company owns two plants with total floor area of 362,000 sq. ft. and leases 20,000 sq. ft. of warehouse space in West Reading, Pa.; 95,000 sq. ft. building near Wytheville, Va. is leased. Operations also conducted in a 40,000 sq. ft. building in Reading, Pa.

Officers: S. R. Fry, Pres. and Treas.; T. P. Handwerk, Exec. Vice-Pres.; O. E. Huber, C. J. Fisher, F. S. Pierce, T. M. Fry, Vice-Pres.; J. W. Howe, Sec.; W. L. Rosenberger, Compt.

Directors: S. R. Fry, T. P. Handwerk, O. E. Huber, T. M. Fry, B. D. Coleman.

General Counsel: Stevens & Lee, Reading.

Purchasing Agent: C. E. Hoffmaster and J. W. Howe.

Auditors: Lybrand, Ross Bros. & Montgomery.

Annual Meeting: Last Thursday in Mar.

No. of Stockholders: Dec. 31, 1963, 1,261.

No. of Employees: Dec. 31, 1963, 1,100.

Office: 7th & Reading Aves., West Reading, Pa.

Income Account, years ended:

	Dec. 28,'63	Dec. 29,'62
Net sales	$14,209,659	$12,412,204
Cost of sales	10,700,329	10,244,902
Selling, etc., exp.	1,277,458	1,133,082
[1]Operating profit	1,231,872	1,034,220
Other income, net	3,822	4,254
Total income	1,235,694	1,038,474
Interest	88,806	87,027
[2]Income taxes	608,607	494,208
Net income	533,281	457,239
Prev. retain. earn.	4,033,385	3,768,241
Dividends (cash)	192,095	192,095
Dividends (stk.)	240,118	--------
Retained earnings	[6]4,139,453	4,033,385
Earn., com. share	$1.07	[4]$0.95
Cash flow, com. sh.	1.96	[5]1.91
No. of com. shares	[3]504,043	[4]480,237

[1]After $370,354 (1962, $340,362) deprec. [2]Incl. $80,705 (1962, $122,492) defd. [3]Incl. 23,806 shs. for stk. div. pay. 2/64. [4]$0.91 on 504,043 shs. adj. for 5% stk. div. 2/64. [5]$1.83 adj. for stk. div. [6]$1,465,167 not restricted.

Sales and Earnings, years ended Dec. 31, etc. (in $):

	Net Sales	Net Income	No. of Com. Shs.	Earn. Com. Sh.
'61	11,410,261	344,394	480,237	0.72
'60	10,712,912	404,255	269,658	1.50
'59	10,162,263	320,632	402,882	0.80
[1]'58	8,465,576	169,574	404,467	0.42

[1]53 wks. [2]Incl. $25,000 ($0.06 a sh.) life ins. proceeds.

Adjusted earns. & shs. for stk. splits & stk. divs.:

Earnings ($): 1962, 0.91; 1961, 0.69; 1960, 1.42; 1959, 0.76; 1958, 0.40.

Shares: 1962, 504,043; 1961, 504,248; 1960, 283,141; 1959, 423,026; 1958, 424,690.

Balance Sheet:

Assets:	Dec. 28,'63	Dec. 29,'62
Cash	$544,799	$588,332
Receivables	1,442,138	1,258,062
[2]Inventories	3,143,906	2,697,340
Other curr. assets	38,573	51,473
Total current	$5,169,416	$4,595,207
[1]Net property	4,286,578	4,170,852
Inv. adv. fgn. affil.	117,679	--------
Other assets	160,247	146,846
Total	$9,733,920	$8,912,905
Liabilities:		
Accounts payable	$641,940	$536,286
Notes payable	300,000	--------
Accruals	237,641	220,403
Income taxes	357,861	221,316
Debt due	166,807	163,255
Total current	$1,704,249	$1,141,260
Mtge., etc., pay	1,236,670	1,403,477
Deferred inc. tax	296,897	216,192
Common stk. ($3)	[3]1,512,129	1,440,711
Capital surplus	844,522	677,880
Retained earnings	4,139,453	4,033,385
Total	$9,733,920	$8,912,905
Net current assets	$3,465,167	$3,453,947
Net tang. com. sh.	[3]$12.89	[4]$12.81
[1]Depreciation	$3,696,617	$3,384,342

[2]Lower cost or mkt. [3]Incl. shs. for stk. div. 2/64. [4]$12.20 adj. for stk. div.

Term Loan: Outstanding, Dec. 29, 1963, $400,000 5% notes payable $50,000 semi-annually to Aug. 1, 1967. Proceeds to retire bank loans. Company agrees to maintain working capital of at least $2,000,000.

1964

October 28, 1986, Tuesday

DISTRIBUTION: Business Editors

LENGTH: 553 words

HEADLINE: RYDER-SYSTEM; (RDR) Ryder System to acquire most of Van Dusen Air

DATELINE: DALLAS

BODY:

A Ryder System subsidiary, Aviall Inc., has reached an agreement to purchase most of the assets and operations of Van Dusen Air Inc.

Those operations have annual revenue in excess of $190 million.

After the purchase is completed, the Van Dusen operations will be combined with Aviall's. The agreement to purchase is subject to clearance under the federal premerger notification statute and certain other conditions.

Minneapolis-based Van Dusen distributes aviation parts and supplies to airlines and the general aviation marketplace through a central airline support center and a network of 37 domestic and 19 international general aviation distribution branches. The company also has a turbine engine overhaul shop, two piston engine overhaul shops, an aircraft brake shop, and a facility to assemble aircraft hoses.

Dallas-based Aviall, which Ryder System acquired a year ago, is engaged in the repair and overhaul of jet and turboprop engines used by commercial air carriers and the business aviation industry and the worldwide distribution of aviation parts and supplies. The company also provides Dallas-based aircraft and terminal services for the business aviation market.

The announcement was made simultaneously by Ryder System Chairman, President and Chief Executive Officer M. Anthony Burns and Gary D. Hirsch, chairman of Van Dusen Air Inc. and managing partner of Miller Tabak Hirsch & Co. Terms of the agreement were not announced.

The assets of Van Dusen's existing eight fixed-base operations will not be included in the transaction. Until the purchase is completed, Aviall's and Van Dusen's operations will continue to operate separately.

Commenting on the planned purchase, Robert G. Lambert, president of Ryder System's Aircraft Services Division and of Aviall Inc., said "Aviall has always offered the highest quality after-market distribution services to manufacturers in the aviation community. Merging Van Dusen's parts distribution operations with Aviall's will help us improve the services we and Ryder System's other aviation services companies offer to airline and general aviation customers worldwide."

Hirsch said, "Although recent changes in the tax law provided strong incentives to us to seek restructuring alternatives for Van Dusen, we look forward to continuing its successful heritage in our new association. Aviall and its parent, Ryder System Inc., are fine companies, dedicated to the same principles of quality and customer service for

ECI Communicator

ELECTRONIC COMMUNICATIONS, INC.

VOLME 1, NO. 4 ST. PETERSBURG, FLA. APRIL, 1962

Saturn Computer Awarded ECI By Space Agency

ECI has received a $174,000 contract from the National Aeronautics and Space Administration for follow-on production of flight control computers for use in the Saturn space program.

The NASA award is in the form of an add-on to a previous $128,000 contract for research and development leading to two prototype flight control computers and associated test equipment.

The flight control computer developed by ECI in cooperation with NASA's George C. Marshall Space Flight Center in Huntsville, Ala., plays a vital role in keeping the Saturn vehicle on course.

When Saturn is in flight, signals from various sources, including the control signal processor—also built by ECI—are fed into the computer, which in turn provides signals to the engines to correct for any course deviation.

The flight control computers will be manufactured at the St. Petersburg Division under the direction of Howard Soldwedel and Don Colbert.

ECI Family Day Set For Saturday, May 19

An open house for ECI employees and their families will be held at the St. Petersburg plant on Armed Forces Day, Saturday, May 19. Exact hours will be announced later.

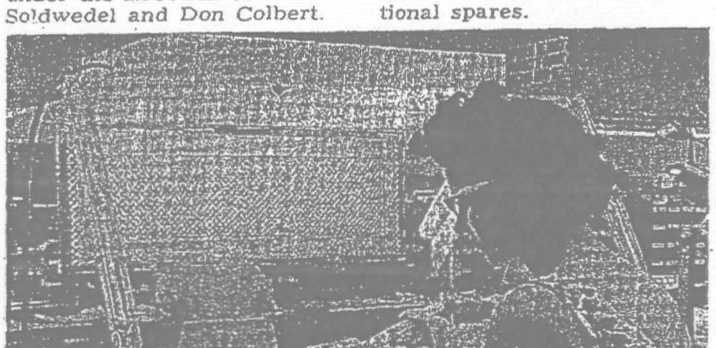
James B. Williams, general manager of the St. Petersburg Division said that nothing other than emergency work will be scheduled on May 19. This will give all employees the opportunity to tour the plant with their families.

OCAMA Orders Spares For Air Command Post

ECI has received Air Force contracts totaling $886,209 for spare communication components and modules for the Strategic Air Command's Airborne Command Post program.

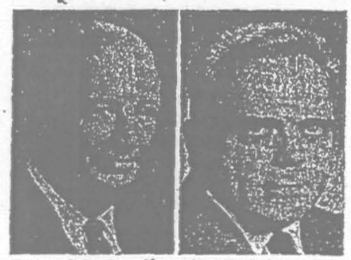
Originating with the Oklahoma City Air Material Area Directorate of Procurement, the orders are in addition to prime contracts for UHF multiplex communication systems totaling around $15 million.

The equipment will consist of maintenance and operational spares.



LUCILLE KOVAL of Electronic Assembly demonstrates use of a new bench "white" booth used in connection with the assembly of NASA components. A constant flow of air from back to front keeps dust particles from settling on these precise mechanisms.

Sydney K. Murray is Named President of Standard; Facsimile Operation Moves to Wichita



J. E. McCarthy S. K. Murray

The appointment of Sydney K. Murray, former director of engineering for the Avionic Division of John Oster Manufacturing Co., as president of Standard Products and the transfer of ECI's facsimile operations from St. Petersburg to Standard Products has been announced by President S. W. Bishop.

Also announced was the appointment of James E. McCarthy, former general manager of the Facsimile Division, as vice president/marketing of Standard Products. Both appointments were effective April 4.

Facsimile operations will be fully integrated into those of Standard Products by June. Some Fax employees are being transferred to Wichita; others are being absorbed by the St. Petersburg Division. No drop in total employees at St. Petersburg is anticipated as a result of the move. Space and personnel made available by the Fax transfer will be utilized in handling St. Petersburg's growing defense electronics workload.

Standard Products, in Wichita, Kans., is a subsidiary and the manufacturing arm of Air Associates, Inc., a wholly-owned ECI subsidiary in Teterboro, N. J. Established in 1949 and acquired by Air Associates in 1959, Standard Products makes aircraft instruments, special duty motors and aircraft seat belts. In addition, Standard Products is active in the repair and overhaul of aircraft instruments and electromechanical equipment.

Before joining ECI, Mr. Murray had been with John Oster Co.'s Avionics Division since 1957, serving successively as a sales manager, manager of manufacturing and director of engineering. Previously he was with Airborne Accessories Corp., Hillside, N. J., Avient, Inc., Woodside, N. Y., and McDon-

See **Murray**, page 4

Air Force Sergeants Taking ECI Course

Field Engineering is currently conducting an intensive 5-week training course for ten Air Force sergeants in the theory, operation and maintenance of the AN/ARC-89 (V) UHF Airborne Multiplex Communications System for SAC's Air Command Posts.

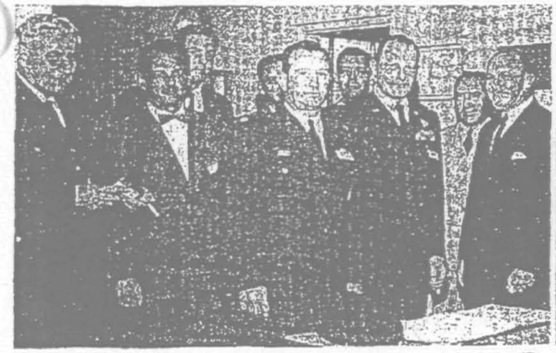
The sergeants, seven from the Air Training Command at Randolph Field, Tex., two from SAC Headquarters in Omaha, and one from Air Force Headquarters will be qualified as instructors on completion of the course.

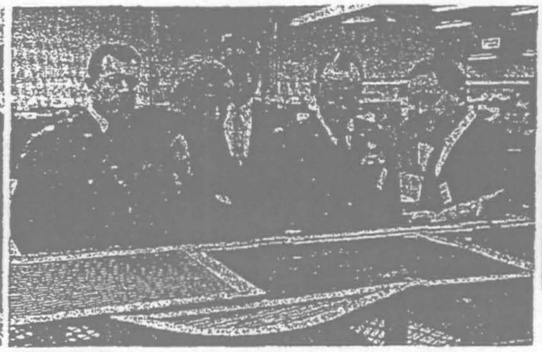
Instructors include Vincent Carnevale, coordinator; Guy Whitley, chief instructor; Joe Mensch, Jim Guthe and Ralph Brooks of Systems; Marv Herzig, Bob Fullerton and Bruce Myers of Transmitters; Charles Arbuckle of Receivers and Art Brunner of Special Devices.

Small Business Gets Big Part of ECI Work

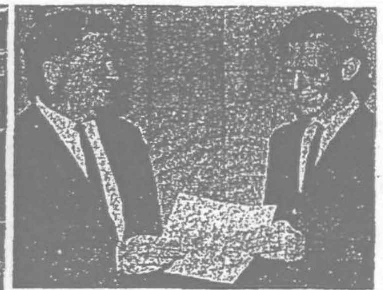
ECI has been commended by DeFarest A. Long, Jr., the Orlando Air Force Base small business specialist for contract management district, for the volume of purchase orders placed with smaller business firms last year.

During the first six months of the year, 44% of all ECI orders were placed with small business. During the second half, 52% of ECI orders went to small business.

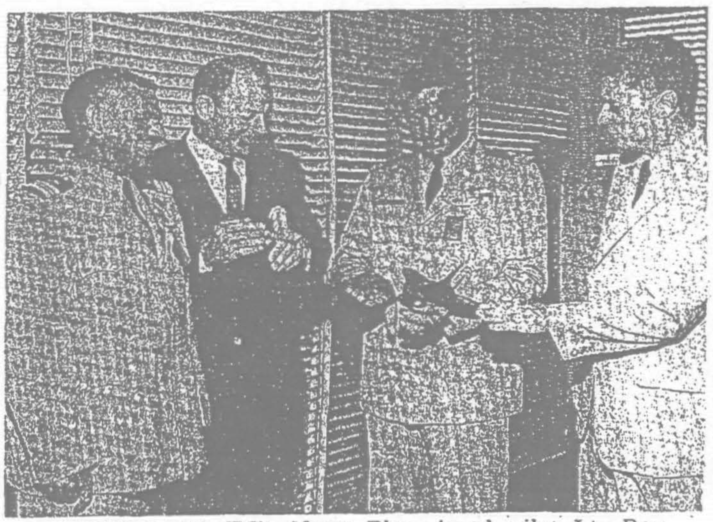




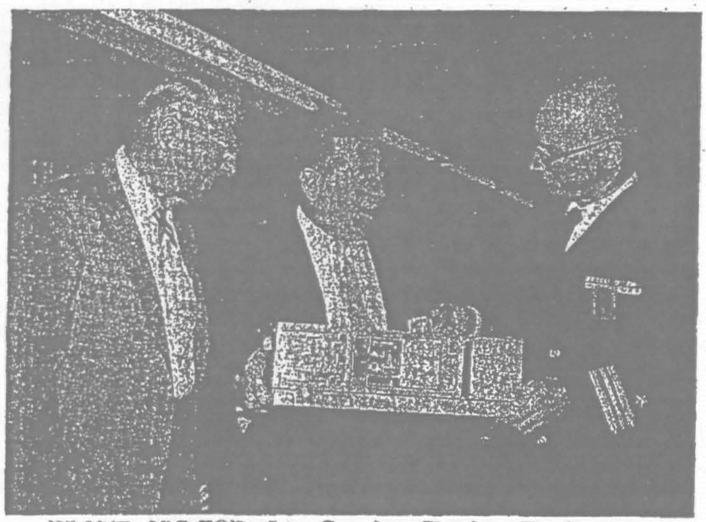
ESD, MITRE GROUP VISITS PLANT—Ranking officers and civilians from the Air Force Electronic Systems Division (ESD), Hanscom AFB, Bedford, Mass, and Mitre Corp., visited ECI for a discussion of command and control communications systems. In the photo on the left, J. B. Williams, vice president and general manager of the St. Petersburg Division greets the group on arrival. Front row, l. to r., LtCol David Anderson of ESD's 480L program; Otto Wech, ESD Advance Planning; LtCol Patrick E. Therrien of the SAC Liaison Office; Col Ryan M. Moon, ESD Assistant Director of Systems Plans; and Mr. Williams. Back row, l. to r., Charles Hawkins and Louie M. Thomas, Mitre Corp., LtCol Max L. Moore, SAC Liaison Office; and Capt Clement E. Smith of ESD's 481L program.
In the photo on the right, ESD officers tour ECI's manufacturing plant. From l. to r., LtCol Moore; LtCol Anderson; C. L. Councilman, chief engineer; Col Moon; and Paul G. Hansel, vice president/engineering. In the foreground is Margaret Spaulding of Electronic Assembly.



STEPHEN M. HALL, senior at Northeast High School, was winner of $250 ECI scholarship assistance award for transistorized digital computer developed by him for St. Petersburg Science Fair. Paul G. Hansel, vice-president/engineering, and Dr. Merle E. Donaldson, director of the Advanced Development Lab, served as judges. Above, Budd M. Cobb, director of administration, presents the award to Steve.



ANGELS AT ECI—Navy Blue Angel pilot Lt. Ray Atherton (second from right) explains intricate aerobatic maneuver to President S. W. Bishop during tour of St. Petersburg plant. Listening in are Lt. Comdr. David J. Lesher (left) of the Blue Angels and Gary Helmers of ECI Equipment Support Group. Lt. Atherton and Helmers were classmates at Navy Flight School. Angels visited ECI while in St. Petersburg for the Sunshine Festival.



PLANT VISITOR—Lt. Comdr. Charles E. Gremer, radio program officer for Navy Electronics Lab in San Diego, visits ECI as guest of retired Naval Reserve Captain E. N. Dingley (left), a principal engineering scientist in Advanced Development Lab. Lt. Comdr. Gremer's interest centered on SAC Airborne Command Post, which he discusses here with Morton S. Klein, SAC ABCP program manager.

Air Associates Names Eastern Export Head

Appointment of Charles C. Gaver as managing director of the eastern area export operations of Air Associates International has been announced by C. A. Sereno, Air Associates, Inc. president. In his new position Mr. Garver will be responsible to Henry M. Stewart, Air Associates' eastern area manager. His headquarters will be at the Air Associates facilities in Teterboro, N. J.

Murray Named

(Cont. from page 1)

nell Aircraft Corp., St. Louis. He is a graduate of Washington University in St. Louis.

Mr. McCarthy joined ECI as manager of the Facsimile Division in 1957. Previously he was president of Infra Electronic Corp., Roseland, N. J., and earlier had been with United Service Associates, Inc., Washington, D. C.; Shirgun Corp., New York City and Crucible Steel Company of America.

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Electronic Systems Firm Transfers Here

SYDNEY M. MURRAY

JAMES E. McCARTHY

Transfer of an electronic systems manufacturing firm from St. Petersburg, Fla., to Wichita was revealed Wednesday by the president of Electronic Communications Inc.

S. W. Bishop, ECI president, said the ECI facsimile operation would be integrated by June 1 with the operations of Standard Products Inc., 650 E. Gilbert.

Standard Products is a subsidiary of Air Associates Inc., a wholly owned ECI subsidiary.

New president of the soon-to-be-expanded Standard Products firm is Sydney M. Murray, formerly director of engineering for Avionic Division of John Oster Manufacturing Co., Racine, Wis. Murray succeeded LeRoy S. Horton in the Wichita office.

Horton was appointed assistant to the president of Air Associates in Teterboro, N. J. The new assignment for the former Standard Products chieftain was announced Wednesday by Charles A. Sereno, Air Associates president.

General manager of the ECI St. Petersburg facsimile division was James E. McCarthy, who will be relocated here as vice president in charge of marketing of Standard Products.

Move Planned

Murray said Wednesday that Standard Products soon will move from its East Gilbert quarters to a 40,000-square-foot building at Pawnee, West and K42.

Scope of the employment increase here with acquisition of the facsimile division was not revealed, but Murray indicated that it will be sizable. Standard Products employs 80 persons here.

Standard Products manufactures aircraft instruments, special duty motors and aircraft seat belts. The ECI facsimile division manufactured the "Electronic Messenger," a system which makes possible transmission by wire or radio of exact copies of documents, photographs and other printed or written material.

Employes Transferred

Bishop said some facsimile division employes would be transferred from St. Petersburg to Wichita, with others being absorbed by other Florida ECI operations.

Established in 1949, Standard Products was acquired by Air Associates in 1959. Bishop said switch of the facsimile division to Wichita would "greatly strengthen Standard Product's role in the ECI corporate structure."

With corporate headquarters in St. Petersburg, ECI designs, develops and manufactures electronic communication systems and equipment, including communication systems for the Air Force airborne command post program and the airborne long-range input position of Semiautomatic Ground Environment (SAGE) systems.

In addition to St. Petersburg and Wichita facilities, ECI has operations in Baltimore, Md., and Santa Barbara, Calif.

Amplifier Produced

Bishop said Murray was instrumental in the John Oster Co. recent production and development of an amplifier for automatic stabilization equipment for the Kaman Helicopter and a new concept in bearing directional heading indicators for the General Dynamic's B58 Hustler.

A graduate of Washington University, St. Louis, Mo., Murray was with Airborne Accessories Corp., Hillside, N. J., and McDonnell Aircraft Corp., St. Louis, before joining John Oster Co.

McCarthy, a graduate of the University of Western Ontario, Canada, has been with ECI since 1957. He formerly was with Crucible Steel Co., Syracuse, N. Y.; Infra Electronic Corp., Roseland, N. J., and United Service Associates, Washington, D. C.

4/5/62

CONFIDENTIAL

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-at scientists would not take litary interference in time peace, that great inventions 't develop merely from giv- military orders.

ter, all the Republican ors, who came to the din- -oted to set up the Atomic y Commission. Their votes the Senate toward civil- ıtrol of atomic energy.

Price Vigilantes

see-America advocates, ıt U.S. tourists to spend ation money in their ry this year, are con- ut the ancient Amer- .ı of charging all the bear.

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Aircraft Instrument Manufacturing Firm Fills Manager Post

Standard Products President S. M. Murray Sunday said William H. Gunderson has been appointed manager of administration and personnel for the Wichita-based firm.

Formerly with Beech Aircraft Corp., Gunderson worked in Beechcraft's industrial relations and manufacturing engineering departments from 1958 to 1961. Previously he had been a vice president in the Fort Worth, Tex., Bank of Commerce and had held an industrial relations position with Bell Aircraft in New York and Bell Helicopter in Texas.

Standard Products, manufacturer of aircraft instruments, special duty motors and aircraft seat belts, is a subsidiary of Air Associates, a wholly owned subsidiary of Electronic Communications Inc. of Florida.

In line with the recently announced expansion of Standard Products by integration of the ECI Facsimile Division, Murray said the Wichita company will have openings for about 100 new employes during the next few months.

It is expected the company will be adding electronic and electrical assembly workers, machine operators, clerks, accountants and tabulating machine operators.

ECI officilas said early this month at St. Petersburg, Fla., the facsimile part of its operation would be integrated into Standard Products by June. Facsimile Division makes the "electronic messenger," a system which makes possible transmission by wire or radio exact copies of documents, pictures, graphs and other printed or written material.

W. H. GUNDERSON

By Ned Riddle

Tass Claims Trip Success

(C) New York Times News Service

MOSCOW — The Soviet Union announced Sunday that it had recovered its satellite Cosmos IV after more than 72 hours in orbit.

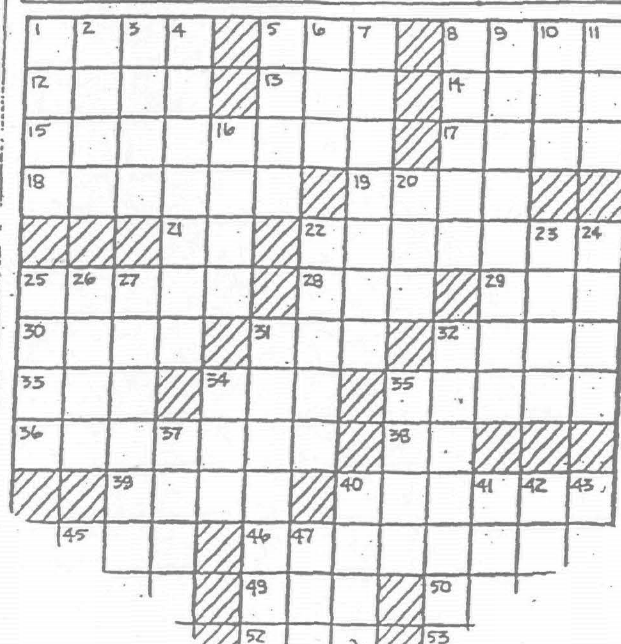
A communique of Tass, the Soviet press agency, said the satellite launched Thursday had traveled about 2,000,000 kilometers (1,250,000 miles) before "making a successful landing upon command on the assigned spot on territory of the Soviet Union."

The Soviet announcement said "valuable scientific data" collected by instruments on space and the upper layers of the atmosphere were being processed and analyzed.

Cosmos IV, which traveled in virtually a circular orbit at an elevation of about 200 miles above the earth, was the first satellite in the current research series brought back to earth.

The Cosmos series, which began with the launching of Cosmos I on March 16, is designed to explore conditions for prolonged space flight by man. The study program includes the effect of the earth's radiation belts on long-range radio communications, study of cosmic rays and the structural qualities of spacecraft.

CROSSWORD - - - By Eugene Sheffer



ELECTRONIC COMMUNICATIONS, INC.

36TH ANNUAL REPORT 1963

HIGHLIGHTS 1963

ADOPTED policy of regular cash dividends on common stock.

REPORTED Sept. 30 backlog of $22 million, largest year-end backlog in ECI history. Of this, $13.4 million represented new products developed during the year.

DEVELOPED first solid-state multiplex system designed expressly to meet both airborne and ground military specifications; received orders totaling several million dollars for this equipment.

RECEIVED contract for electronic systems integration for a second generation of Airborne Command Posts for the Strategic Air Command.

CONTRIBUTED increasingly to the nation's space program with sales of space electronic equipment 300% above 1962.

SOLD Air Associates, Inc., removing the Company from the business of distributing aircraft supplies.

ACQUIRED majority interest in The Benson Manufacturing Company of Kansas City, Missouri; purchased Electronic Instruments for Research of Baltimore and the Wichita (Kansas) Division of Humphrey, Inc., thus broadening both the R&D and manufacturing bases.

COMPLETED 75,000 square-foot addition to the engineering building at St. Petersburg and acquired Benson Manufacturing's 350,000 square feet of floor space, bringing total to more than 700,000 square feet.

ENTERED the field of coherent optics with a program to develop electronically-controlled steering of laser beams.

RESULTS IN BRIEF

	1963	1962	1961
Earnings per share (1)	$ .52	$ .95	$ .46
Net sales	19,008,639	28,127,053 (2)	14,331,598 (2)
Income before taxes	793,775	1,453,147 (2)	550,153 (2)
Provision for taxes	380,000	745,000 (2)	244,000 (2)
Net income	413,775	708,147	306,153
Backlog, Sept. 30	22,000,000 (3)	13,733,000	12,331,000
Common shares outstanding	757,124	719,728	617,482

(1) On shares outstanding at end of year after preferred dividends.
(2) Restated to reflect the sale in 1963 of a wholly-owned subsidiary.
(3) A year-end record.

PRESIDENT'S MESSAGE

St. Petersburg, Florida
November 22, 1963

T[illegible] 'tockholders:

Fiscal 1963 was a year of continued progress toward Company diversification objectives. Also, there was greater emphasis on product development than at any time in our 36-year history. Approximately two-thirds of the year-end record backlog represented new products developed during the year.

The Company's financial position has never been stronger. For the first time since 1952, a policy of regular cash dividends on common stock was adopted. In August, the Directors declared an initial quarterly dividend of five cents per share of common stock.

Last year we reported that discussions had been held with a number of companies looking toward favorable acquisitions. Three such acquisitions, all falling within the framework of our growth plans, were accomplished in fiscal 1963. We acquired more than 80% interest in The Benson Manufacturing Company, an important metals fabricator in Kansas City, Missouri, all of the assets of Electronic Instruments for Research, Baltimore, and the Wichita, Kansas, Division of Humphrey, Inc. These acquisitions br[illegible]d both our commercial and go[illegible]nt product base and substantially strengthened our overall systems capabilities. (The three acquisitions are discussed in greater detail on page 13.)

Early in the year we completed the sale of a subsidiary, Air Associates, Inc. This sale took us out of the business of purchasing and distributing aircraft supplies, enabling us to concentrate as a company on manufacturing, research and development.

The decrease from last year's record level of sales can be attributed to delays in government funding of certain defense programs occasioned by temporary shifts in procurement plans during the Cuban crisis. The lessened volume of military work was a factor in the earnings decline, as was our substantial investment in product development and in strengthening our capabilities for advanced development and systems engineering. The new product investment was reflected in the year-end record backlog.

Of particular importance in the area of new products was the development of a lightweight, solid-state airborne and ground multiplex system. It filled an immediate need, and orders totaling several million dollars already have been received. This and other new product developments are discussed on page 9 of this report.

Prime contract work in command and control systems continued as our largest single area of activity. We are maintaining our leadership in communication systems and are currently a leading contender for several programs which hold promise for the future.

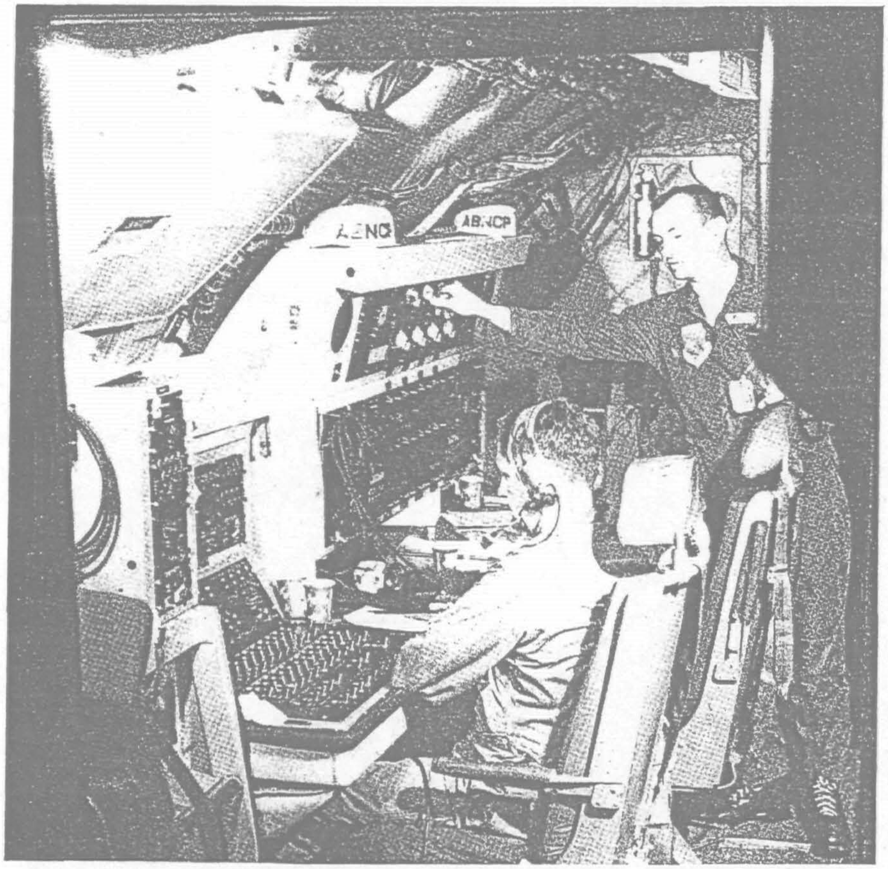
Space activity continued to grow in importance. The dollar volume of space electronics contracts increased by 300%, including work both for NASA and for prime contractors engaged in the space program.

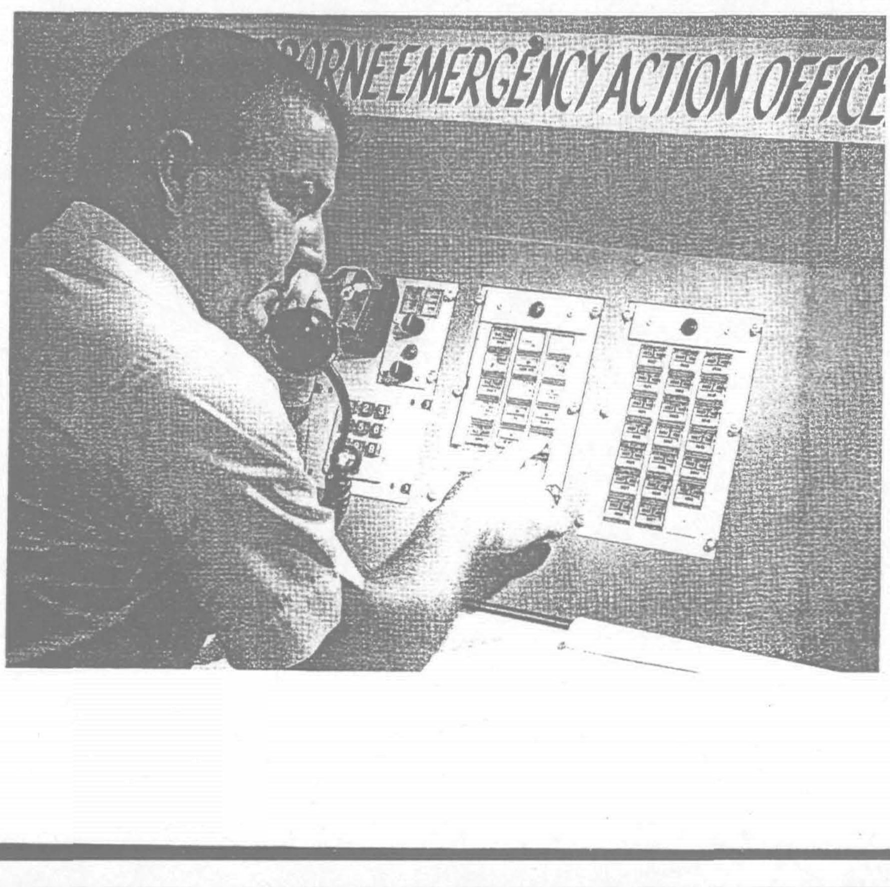
We believe that steps taken in fiscal 1963 have laid the foundation for a steady improvement in sales and profits. During the coming year we will continue to seek compatible acquisitions and mergers which will further broaden our product and systems capabilities. And we will continue to invest in product development.

There is every reason to believe that the Company is in a position to move steadily ahead. On behalf of management, I extend appreciation to the shareowners, employees, customers and vendors whose loyal support is making this possible.

S W Bishop

S. W. BISHOP, President





(Top) Radio compartment in a SAC Airborne Command Post. ECI has been prime communication contractor and systems integrator for "Project Looking Glass" since the inception of this vital airborne command and control program. (Photo courtesy USAF.)

(Bottom) Push button control panel, part of a new automatic electronic switching system which is replacing manually-operated switchboards in SAC Airborne Command Posts. This console is part of a live system mock-up at St. Petersburg.

Communication Systems

ECI's leading role in communication systems management was reaffirmed with the selection of the Company as electronic systems integrator for a second generation of Airborne Command Posts for the Strategic Air Command.

No communication system is more vital to this nation's ability to survive a nuclear attack than that of "Project Looking Glass," code name for SAC's Flying Command Posts. These are the aircraft that would take over direction of our counter-offensive in the event that ground command posts were lost in a nuclear assault. The ability of Looking Glass aircraft to maintain radio communications in a radioactive environment was demonstrated during the recent Pacific atomic tests. A Looking Glass plane was flying close-in when a high-altitude weapon was detonated; at no time did it lose radio contact with SAC installations.

ECI has served as prime contractor and systems integrator since the inception of this pioneer airborne command and control program. Now the Company will act in the same role for the highly sophisticated follow-on program. Not only will this result in substantial production orders, but it places the Company in a strong competitive position for other similar programs.

ECI systems engineering capability was greatly expanded during fiscal 1963. There were new facilities, a strengthened engineering organization and new system concepts. The concept of automatic electronic switching for airborne communication systems was developed and placed under contract. This new automatic switching system, which eliminates the need for manually-operated switchboards in Airborne Command Posts, was successfully demonstrated at St. Petersburg for personnel representing 13 military commands and government agencies.

Inclusion of ECI-developed solid-state multiplex equipment in Airborne Command Post communication systems has heightened system efficiency and effected significant reductions in size and weight.

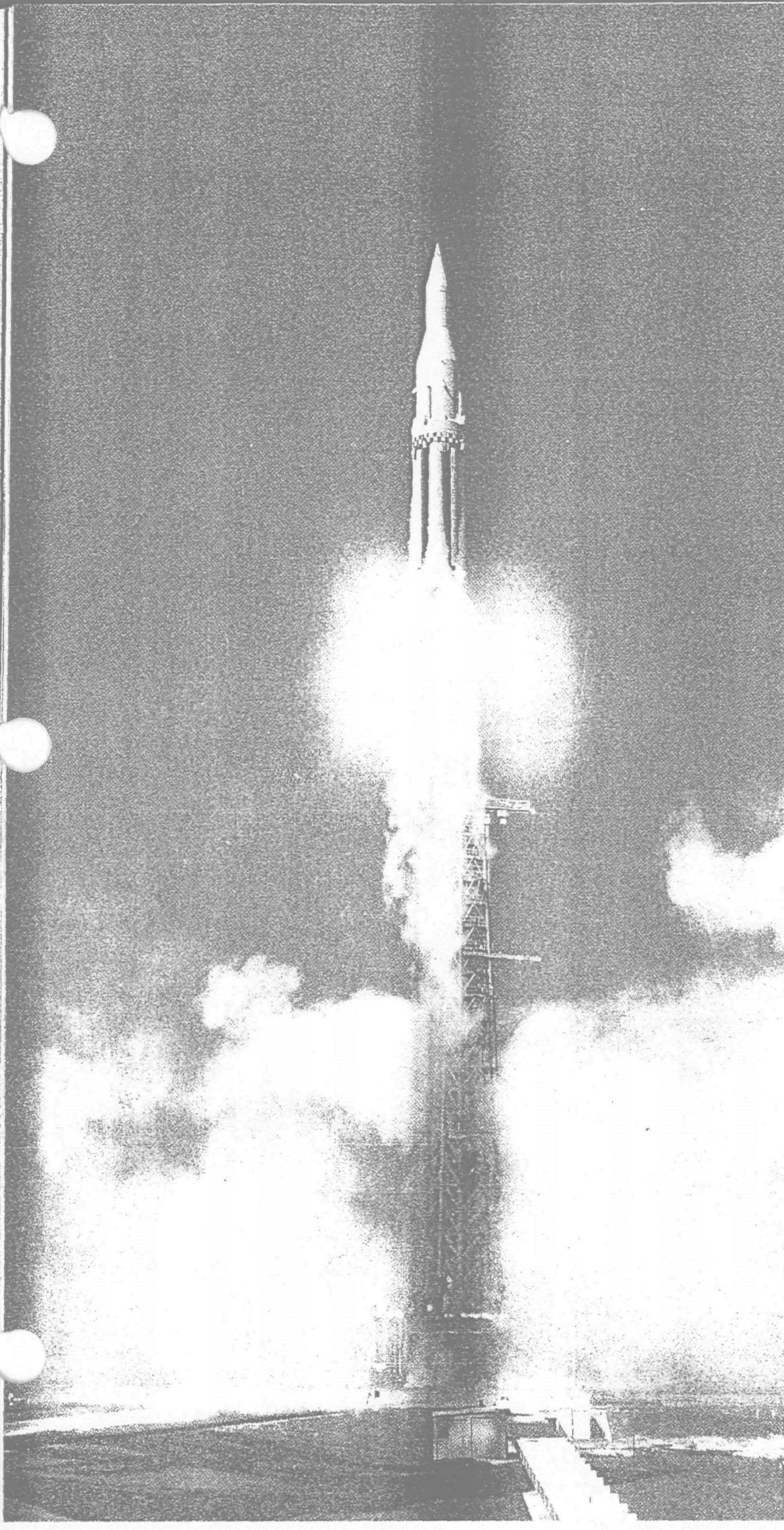
Another ECI communication system received national attention with the announcement by the Air Defense Command that the ALRI (Airborne Long Range Input) network of flying radar stations is now fully operational over the North Atlantic. ALRI aircraft, flying interlocking patterns parallel to the coast, now extend the nation's early wa[illegible] system far over the horizon, be[illegible] the range of ground-based radars and line-of-sight radio communications. Under contract to Burroughs Corporation, ECI provided the airborne and ground communication systems for ALRI. With the exception of field support and possible follow-on work, this program was completed in 1963.

In support of the nation's growing requirement for strengthened limited warfare capability, ECI has become increasingly active in the design of communication systems for tactical purposes. Tactical multiplex systems were sold to Radio Corporation of America for use in helicopter-transportable tropo-scatter communication terminals for the Marine Corps. Other tactical systems are in the proposal stage.

Along with systems activity, the Company continued to produce specialized communication hardware, including high power ultra-high frequency linear amplifiers and airbor[illegible] and missile-borne transmitte[illegible]

"It is the purpose of command and control systems to insure that the proper decision or decisions can be made by our national decision makers . . . a nuclear-tipped missile in a silo is just so much steel and symmetry until it is coupled directly to those decision makers who are authorized to direct its use . . . through electronic command and control systems, the decision makers have at their finger tips and before their eyes the proper information at the right time and in the right form."

Excerpts from an address by Major General H. Terhune, Jr., Commander, Electronic Systems Division, Air Force Systems Command, Hanscom Field, Mass., at the dedication of ECI's expanded engineering facility, January 28, 1963.



Saturn SA-4 booster is launched on its journey into space. ECI-St. Petersburg provides flight control computers, control signal processors, digital decoders and associated ground check-out equipment for Saturn. (Photo courtesy NASA.)

Space

ECI contributions to the nation's space program increased severalfold during the year. Existing programs were expanded . . . contracts were received for work in new areas of research, design and production . . . specialized sub-systems and ground support equipment were provided for other prime contractors. Further, the acquisition of The Benson Manufacturing Company gave ECI a part of virtually every major United States space venture.

In previous years, the St. Petersburg Division has produced flight control computers, control signal processors and associated ground check-out equipment for the highly successful Saturn program. Now, there are new contracts for advanced versions of these and, for the first time, ECI is designing and producing digital decoders for Saturn.

St. Petersburg is designing and producing a mobile communication terminal for the relay of control data to spacecraft in flight. An initial quantity of miniaturized telemetry transmitters developed by the Company has been sold to the National Aeronautics and Space Administration for evaluation and testing.

In addition to these programs, all performed under prime contracts to NASA, St. Petersburg has become active in subcontract production for other aerospace prime contractors. Subcontracts during the year were concerned with telemetry, space communication and ground support equipment. While this was relatively low volume work in 1963, indications are that it will become an important part of the overall space program in the months ahead.

(Bottom left) Aluminum mounts manufactured by The Benson Manufacturing Company to support electronic modules in the fire control systems for Polaris submarines.

(Bottom right) Aerospace fans and blowers are demonstrated at trade show by The Benson Manufacturing Company. Pictured are Jerome C. Gregoire left, Benson Sales Manager, and James E. Adams, Vice President and Treasurer.

(Top) Agile fingers of an electronic assembler route wiring from point to point in telemetry rack produced under subcontract at St. Petersburg for NASA's World Wide Manned Spacecraft Tracking Range.

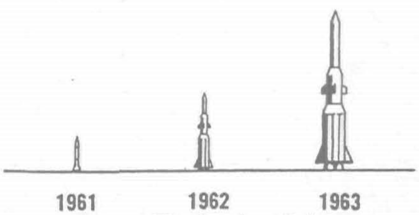
The Research Division is developing special test equipment to resolve antenna pattern ambiguities for NASA. Another NASA program is investigating a multi-apertured adaptive antenna system for receiving telemetered data from remote space vehicles or satellites.

Standard Precision, formerly Standard Products, moved into the space field with the development of an advanced rate-sensor which will be used by NASA to test components for space probes and satellites. Other items such as accelerometers and gyroscopic devices are finding direct applications with NASA and space industry prime contractors.

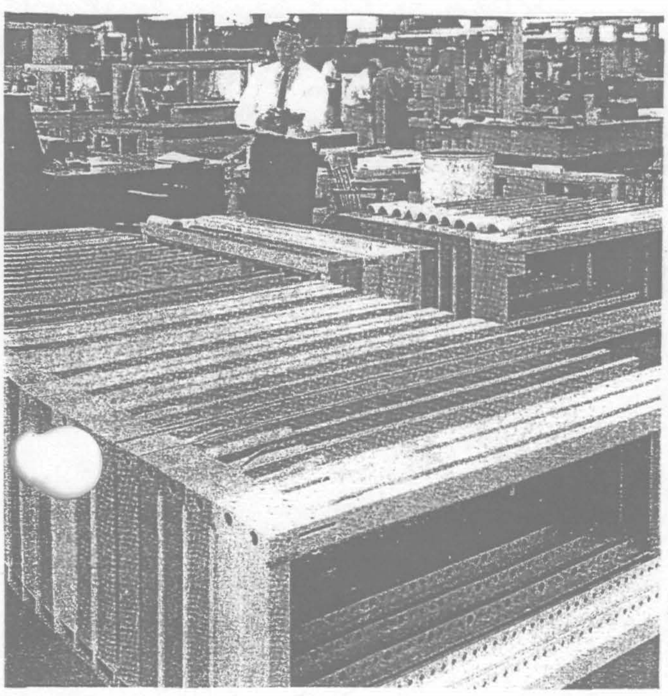
Since the early days of the space age, Benson Manufacturing has been a supplier to virtually all major United States space and missile programs. Initially, propellant tanks, valve housings, piping and sub-assemblies were produced for Redstone, Rascal, Meteor and Talos. Today Benson is producing tanks for the secondary propulsion rocket control systems on such projects as Centaur, Agena, Apollo and Dyna-Soar. Benson tanks flew with the Mercury capsule. Rocket motor attach rings are in production for the solid rocket propellant engines on Polaris, and other items are being produced for Saturn, Polaris and the "orbiting astronomical observatory."

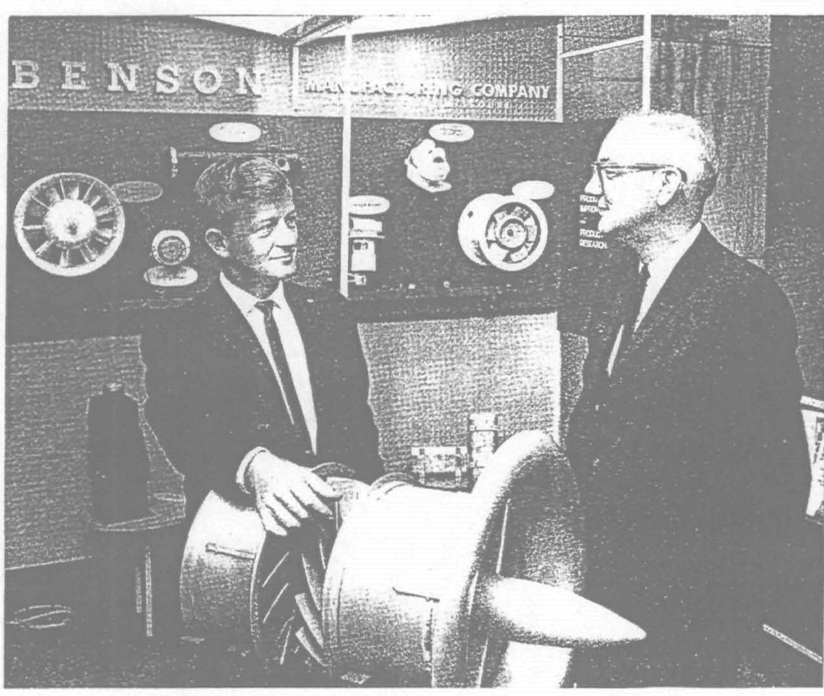
Benson is also providing many items for ground control and support equipment, including electronic component mounts for control stations in all Polaris submarines.

Throughout its organization, ECI is becoming increasingly space-oriented and is channeling a growing portion of its capability and know-how into engineering and production for space programs.



Space Electronics Sales

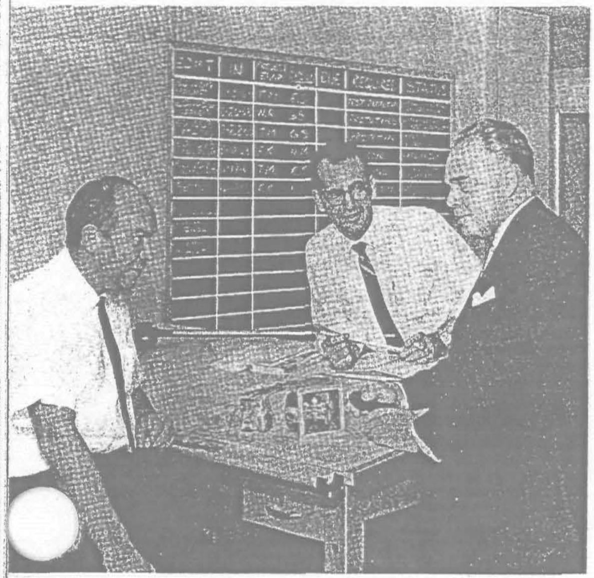


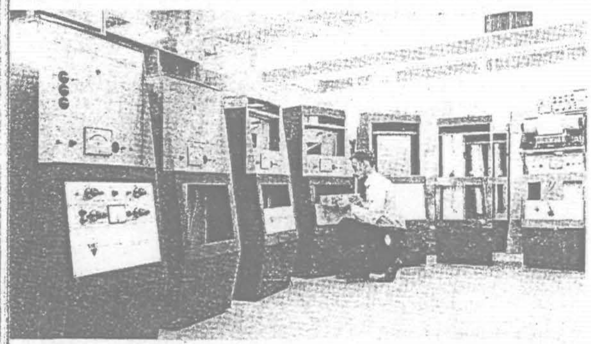


(Top) Pictured with position and rate gyroscope being produced by Standard Precision, Inc., for general aviation market are, from left, SPI R&D Manager C. Robert Bonnel, Engineering Manager Anthony J. Masciopinto and President Sydney M. Murray.

(Middle) Gas chromatographs in production at ECI-Research. Medical and scientific instrumentation is a new area of activity for this division.

(Bottom) High-speed line at The Benson Manufacturing Company is capable of producing 500 containers daily. Benson is only Company producing in quantity both stainless steel and aluminum barrels for the brewing industry.





Commercial and Industrial

Two acquisitions strengthened the Company's position in the commercial and industrial fields. With the purchase of the assets of Electronic Instruments for Research (EIR) of Baltimore, ECI's Research Division became active in medical instrumentation. And with the purchase of a controlling interest in The Benson Manufacturing Company, Kansas City, ECI acquired a line of specialized containers and a growing business in fans, blowers and heat exchangers.

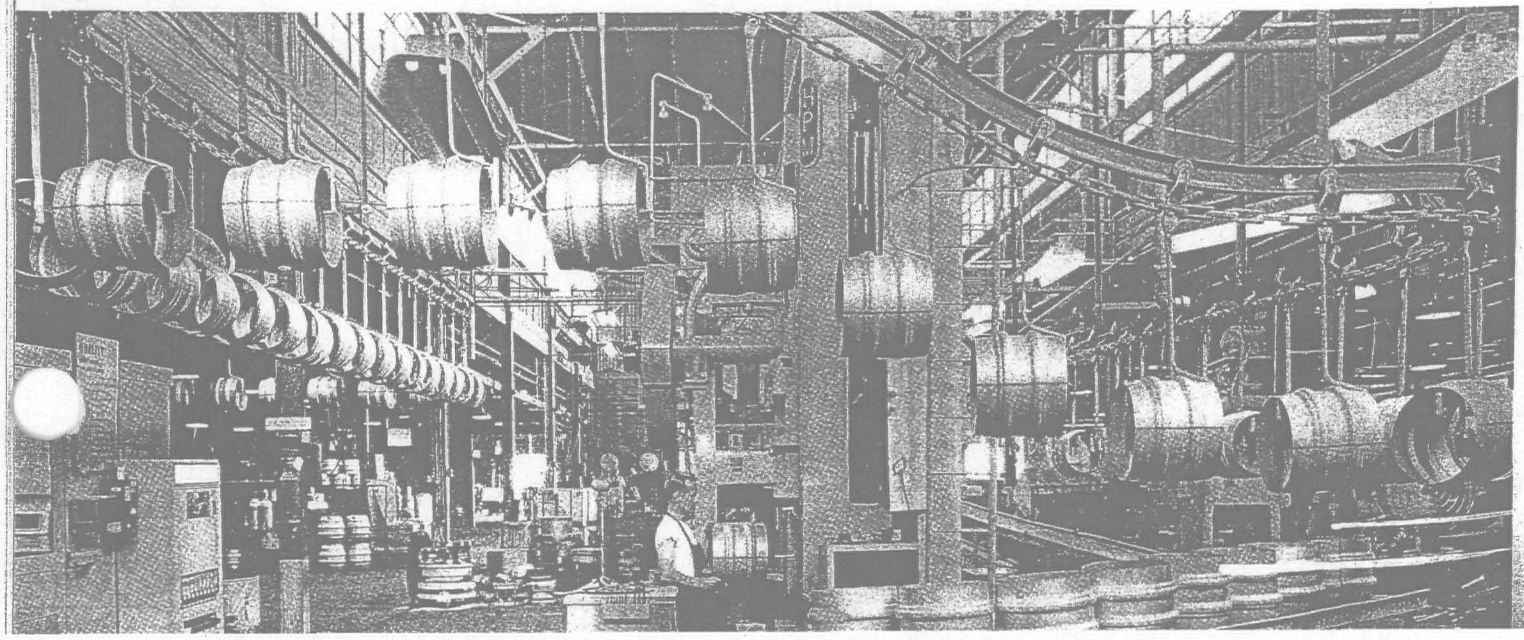
Meanwhile, Standard Precision broadened its product line into industrial areas and continued to serve the general aviation industry with instruments, accessories and electromechanical items.

The acquisition of EIR set the stage for an expansion into medical and scientific instrumentation. A program was initiated to improve the former EIR line of gas chromatographs and to market them on a broad scale. These instruments perform a chemical analysis through modern electronic techniques.

The largest single commercial product group at Benson consists of specialized containers for the brewing, chemical, petroleum and food industries. Benson is the only company producing both stainless steel and aluminum barrels in quantity for the brewing industry.

The majority of helicopters manufactured in the Free World utilize at least one Benson fan or blower. These are used in combination with systems produced by other manufacturers for such purposes as cabin air conditioning, generator cooling and engine coolers.

Standard Precision is broadening its product line to include pumps, instruments, and electro-mechanical items for a variety of industrial uses. Standard continued to produce its line of "Electronic Messenger" facsimile transmission and receiving equipment for sale or lease.



(Top) Basic 12-channel duplex multiplex set. Developed at St. Petersburg, thi[illegible]weight, compact equipment has op[illegible] new product line for the Company.

(Middle) Pictured with 12-channel receive bank, part of new multiplex set, are James B. Williams, left, Vice President and St. Petersburg General Manager, and Paul G. Hansel, Vice President — Engineering.

(Bottom) Present one-kilowatt UHF transmitter, left, is contrasted with the two units which will replace it as a result of transmitter miniaturization program in St. Petersburg.

Product Development

At no time in the Company's history was there greater emphasis on product development than in fiscal 1963. Significant development programs were completed and a variety of others were initiated.

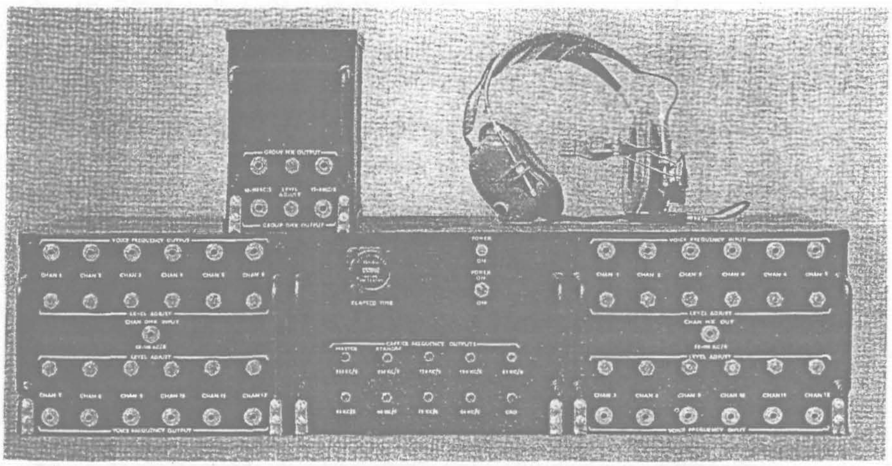
An entire new product line came into being at St. Petersburg, with the development of a family of lightweight, solid-state multiplex equipments. These stemmed from the development of the first multiplex system designed expressly to meet the ex[illegible] requirements of airborne op[illegible]on. Tactical multiplex systems tailored for ground and mobile

September 30 Backlog
$22,000,000

operation followed. Substantial contracts for multiplex units have been received, and there is every promise that multiplex equipment will soon become a major item in Company sales.

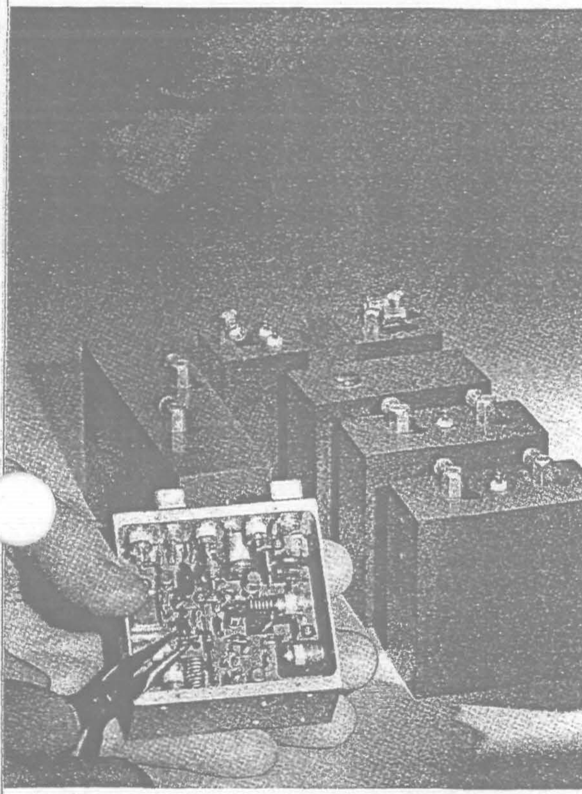
Multiplexing is a technique in which two or more voice or data signals are transmitted simultaneously over a single radio frequency channel. In the past, multiplex systems have been required only for ground installations and have been so designed. ECI scored an industry [illegible]st with its compact, lightw[illegible] solid-state equipment.

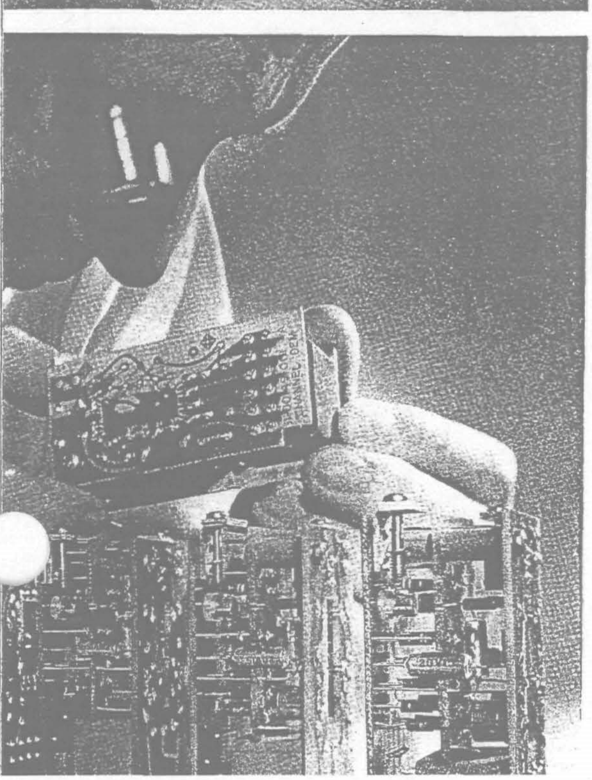
[illegible] a typical airborne application, a 51-channel ECI multiplex system



(Top) Building block modules show flexibility of miniaturized 2 kMc transmitter now under development at St. Petersburg. Because of variety of possible configurations, unit will fit available space in cramped rockets and spacecraft.

(Bottom) Advanced cordwood, or sandwich, techniques achieve high packaging density and make possible the replacement and testing of every component without separation of the two printed circuit boards which make up the electronic "sandwich".





is 72% lighter (saving 1825 pounds) and 67% smaller (saving 60 cubic feet) than functionally identical military equipment.

Other product developments completed at St. Petersburg during the year included a 5-kilowatt 400-450 megacycle FM power amplifier for space communications; a 10-kilowatt blade antenna for aircraft use; a miniature solid-state single-channel receiver; a high-power antenna multi-coupler, and the design for a survivable omni-directional antenna system.

Miniaturized high power UHF transmitters and receivers are now under development. A new one-kilowatt transmitter will reduce the size of present equipment by 65% and the weight by 35%. Even greater savings in weight and size will be achieved in a companion receiver.

Also under development is a miniature two-kilomegacycle transmitter for telemetry transmission from space vehicles. It consists of six modules, each about the size of a child's building block, thus affording a variety of configurations to fit available space in cramped rockets and spacecraft.

The Research Division developed and placed on the market an analog to digital converter module and an "electrolytic whisker pointer." The latter is a compact laboratory tool for shaping catwhisker wires used in point contact semi-conductor devices. It can achieve points to the order of .0001 inch in diameter in a matter of seconds.

A commercial pump, developed by Standard Precision and presently being shown to the market, has a wide potential for high pressure, low volume applications such as washing structures, motor vehicles and aircraft. Standard is also adapting certain of its current instruments to industrial applications in the processing industries.

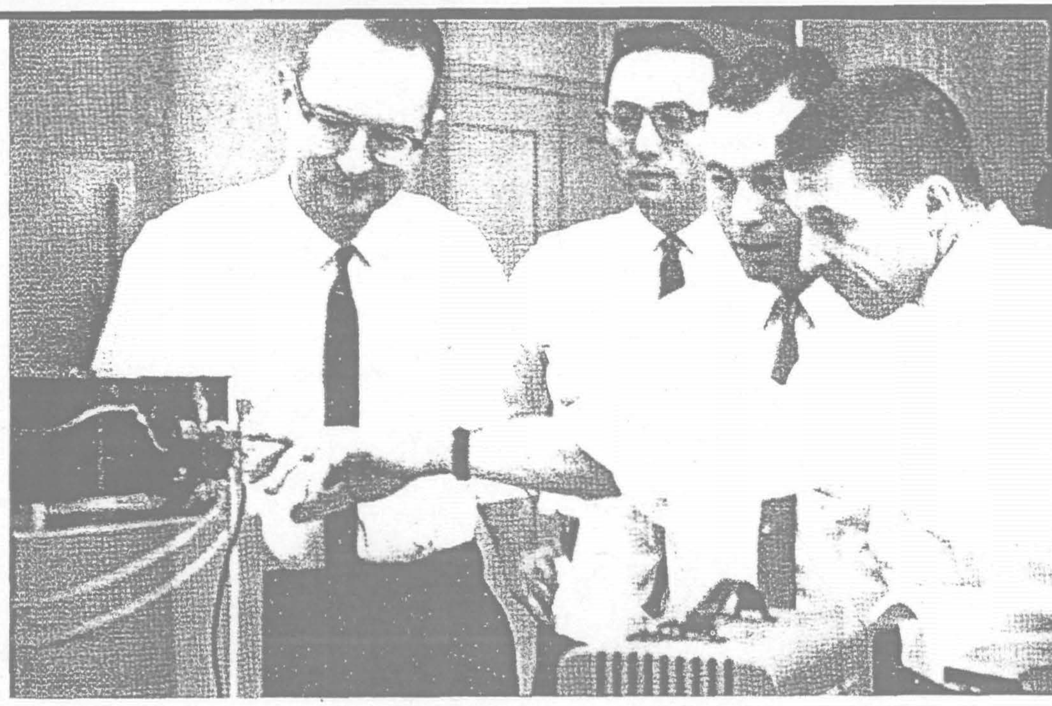
Product development at Benson was centered largely in fans, blowers and heat exchangers. Twelve new heat exchangers are either in development or prototype stage. In 1964 Benson is planning to introduce two new stainless steel barrels, filling out its product line and placing the Company in a stronger competitive position.

Advanced Techniques

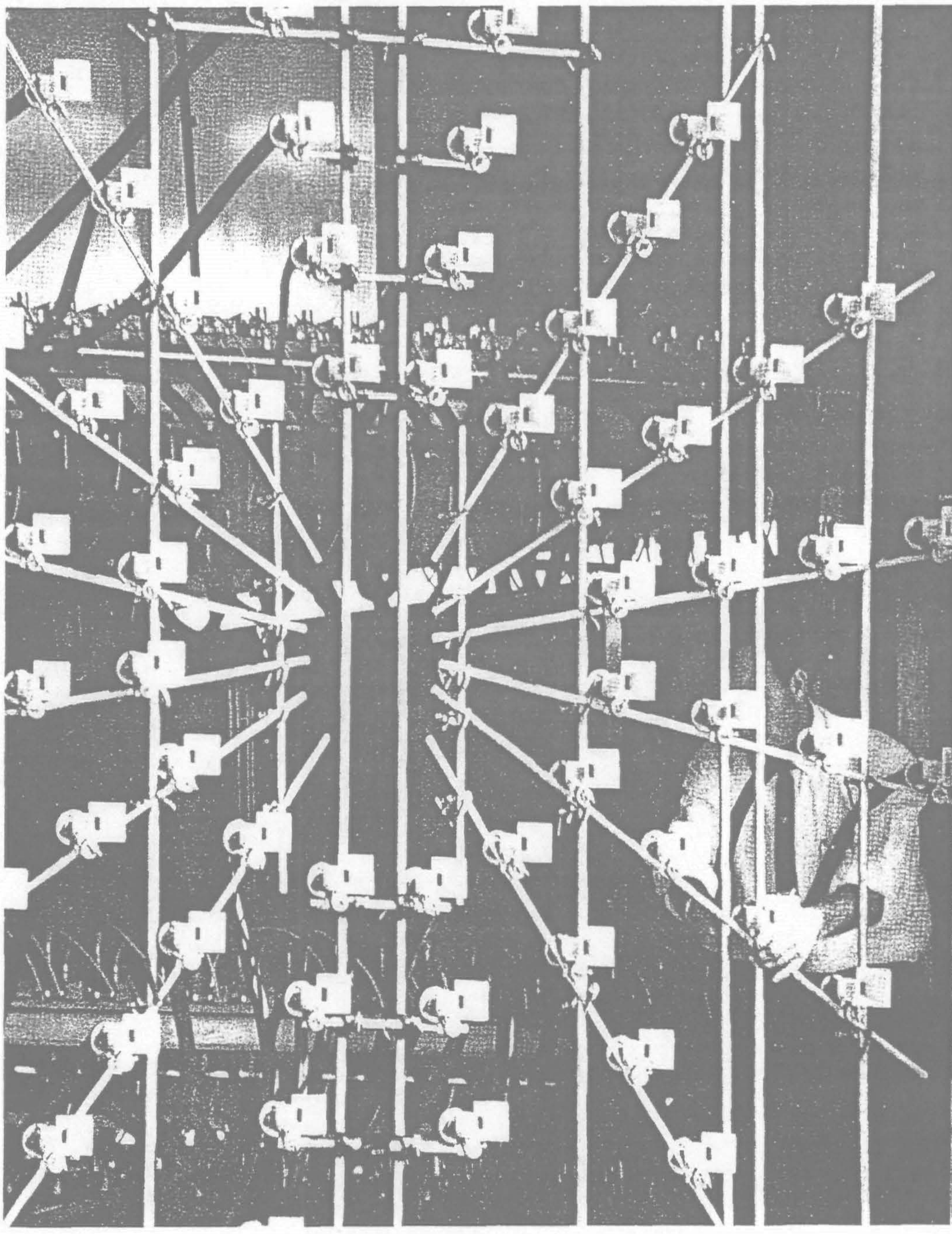
Coincident with its expansion into the more sophisticated areas of electronic design, the Company has adopted — and in many instances improved upon — a number of new and advanced design and manufacturing techniques.

Improvements in the techniques of cordwood construction made successful development of the new multiplex equipments possible. In cordwood construction, components are placed in a sandwich-like configuration between two printed circuit boards. These become plug-in modules to achieve high packaging density. ECI has improved on these techniques to a point where every component is accessible for testing and replacement.

The Company is moving vigorously into full utilization of the techniques of microminiaturization. This is miniaturization involving equipment several orders of magni-



(Top) ECI-Research Division staff, from left: Dr. Donald D. King, Vice President-Research; Dr. Merrill I. Skolnik, Systems Manager; Dr. Marvin Cohn, Microwaves and Applied Physics Manager, and Dr. William M. Waters, Electronics Manager.



(Bottom) ECI-Research's two-dimensional phased array antenna is shown with a multi-ring distribution of its 64 antenna elements. Phased array antennas are useful in deep space probes and scatter communications.

tude smaller than that normally considered to be sub-miniature in size. It is accomplished through thin-film techniques, integrated circuits, or a hybrid of these in combination with conventional components. In effect, it brings a large number of circuits into one small package. An intensive training program to indoctrinate engineering and manufacturing personnel in these techniques was commenced during the year.

New manufacturing techniques include the gun method of making wire-wrapped solderless connections and chemical milling of small and complex parts. Both techniques are important in enabling ECI to meet the increasingly stringent requirements of the space age.

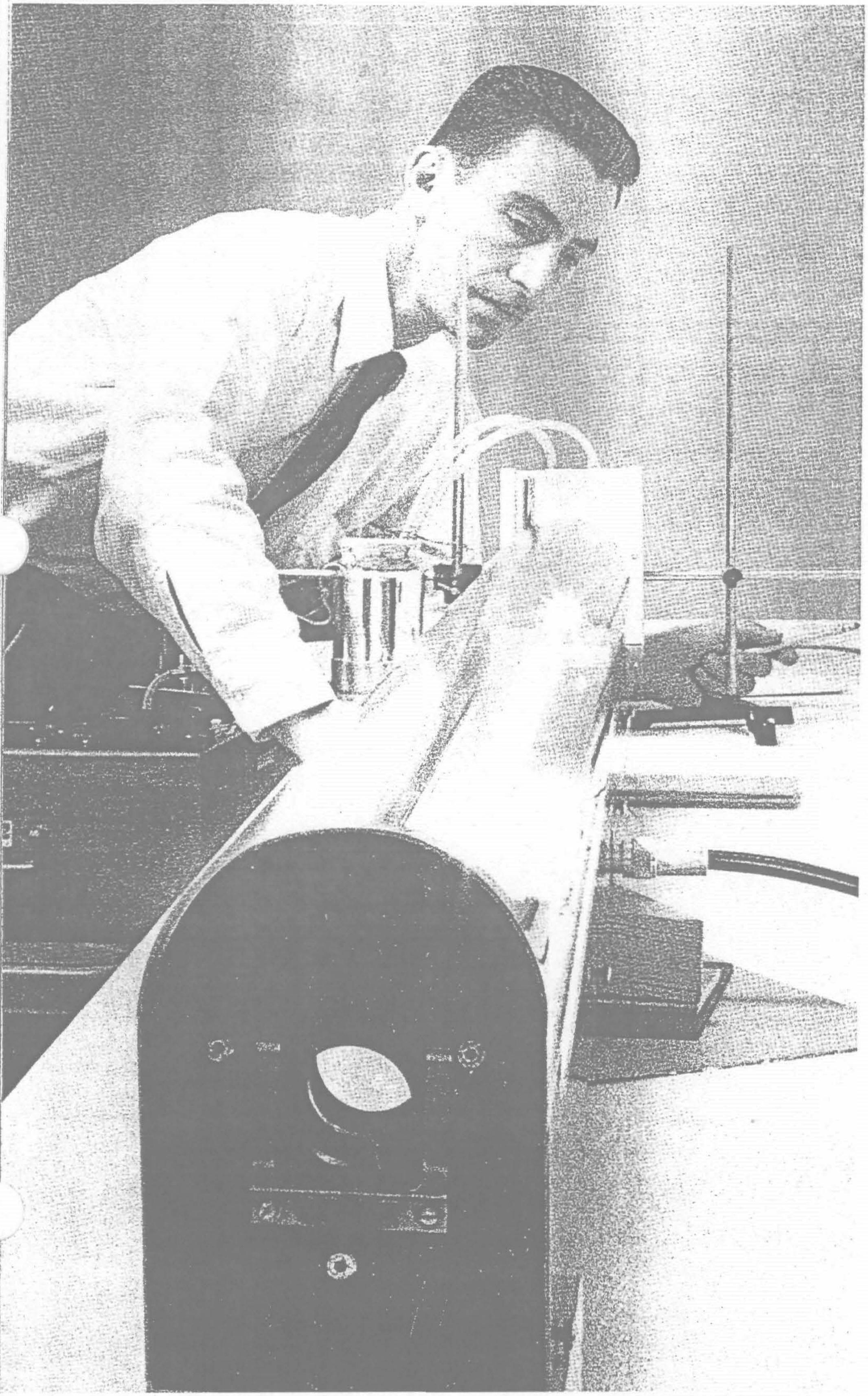
Research

Customer-funded research programs at the Research Division increased in dollar volume during the year, and several Company-funded research programs were initiated at the St. Petersburg Division.

At the Research Division, there was continuing emphasis in the areas of millimeter wave techniques and antennas. The Division also entered the important new area of coherent optics with a program related to the electronic control of the very narrow beams generated by lasers. This started as a Company-sponsored program and was subsequently funded by the government.

A 64-element two-dimensional self-phasing array antenna was completed during the year and contracts were received for various test programs utilizing the antenna. Another contract called for the investi-

Development of electronic steering techniques for laser beams is the object of a study now in progress at ECI-Research. Pictured is Frederick Sobel, laser project engineer.



gation of digital computer techniques in the design of large array antennas with unequal spacing between elements.

Other research programs involved the application of ferro-electric materials to ultra-high frequency components . . . the design and demonstration of a radar which will detect the presence of personnel in a vegetation-type clutter . . . an analytical study of electronic scanning antenna systems for counter-battery radar . . . fabrication and laboratory testing of a 600 kilomegacycle radiometer . . . the development of millimeter wave components and techniques for use on measurement systems operating at frequencies as high as 420 kilomegacycles and the continuing development of land mine detectors.

At St. Petersburg, Company-funded programs were concerned with anti-jamming techniques, passive detection systems and techniques for protecting speech privacy in radio communications.

Market Planning

In line with its overall marketing plan, ECI moved effectively in 1963 to extend its product base and to widen its circle of customers.

Success in broadening both the customer and product mix was attributable to several factors:

1—*Investment of Company funds in R&D programs tailored to meet anticipated customer requirements. This places the Company in a strong competitive position when requirements become firm.*

2—*Customer goodwill generated by on-schedule deliveries, quick response to customer requirements and the production of reliable equipment designed to exceed specifications.*

On Speakers' platform at dedication of 75,000 square foot addition to St. Petersburg Engineering facility are, from left: Board Chairman W. R. Yarnall; J. B. Williams, Vice President and Division General Manager; Major General C. H. Terhune, Commander, Electronic Systems Division; President S. W. Bishop; Garnette J. Stollings, President of Greater St. Petersburg Chamber of Commerce; Gill Robb Wilson, board member and publisher of Flying Magazine, and Mayor Herman Goldner of St. Petersburg.

3—*Effective promotion of ECI capability. A survey conducted by a leading aerospace magazine indicated that the number of readers who were familiar with the Company had doubled during* 1963.

4—*A strengthened marketing organization in all operating elements.*

It is the intention of the Company to make continuing investments in product development, marketing and promotion.

Facilities

Engineering and manufacturing space throughout the Company now totals some 700,000 square feet. This, combined with present equipment, provides a facilities base fully commensurate with growth objectives.

Occupancy of a 75,000 square foot addition to the Engineering Building at St. Petersburg allows an overall expansion of engineering effort and, in particular, provides improved facilities for the systems management function, research and advanced development.

A new Graphic Center in the St. Petersburg Manufacturing Building greatly strengthened capabilities in printed circuits, chemical milling and silk screening.

Acquisition of The Benson Manufacturing Company not only added some 350,000 square feet to the Company's overall floor space, but gave the Company a complete capability for machining all types of metals, including the most exotic, to highly specialized design standards.

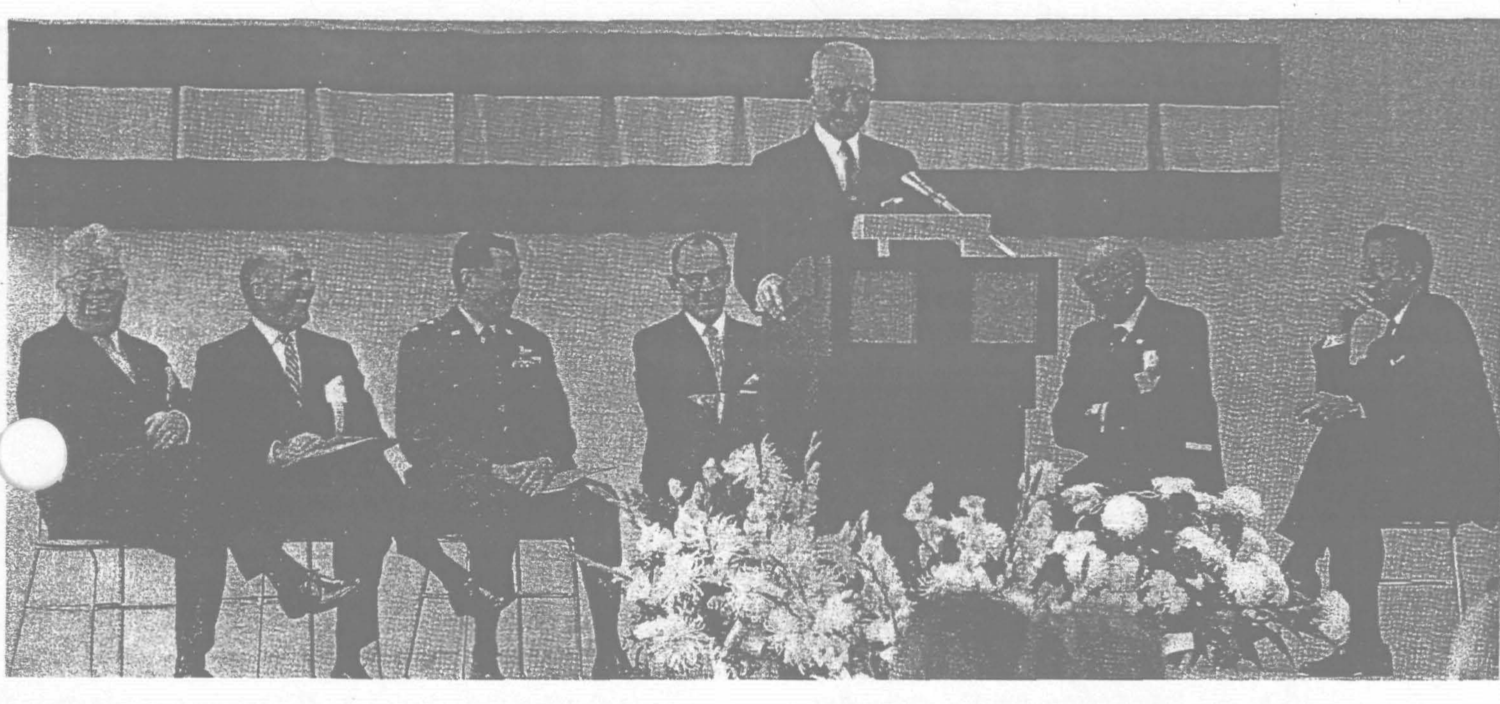
Changes in Subsidiaries

The assets and business of a subsidiary, Air Associates, Inc., were sold on February 5, 1963, for $1,500,000 in cash and $1,150,700 in 4% preferred stock of Van Dusen Aircraft Supplies, Inc. This removed ECI from the business of distributing aircraft supplies.

During the year ECI acquired more than 80% of the voting stock in The Benson Manufacturing Company, Kansas City, Missouri. This Company, a metals fabricator employing some 600 people in two Kansas City locations, will be operated as a subsidiary. Benson is active in three principal areas: (1) subcontract work for the major aerospace systems suppliers; (2) the production of heat exchangers, blowers and heat transfer systems for aerospace purposes; and (3) the production of stainless steel and aluminum containers for the chemical, brewing, petroleum and food industries.

The Wichita Division of Humphrey, Inc., was acquired in June. This Division was engaged in research, engineering, and limited production of electronic and electromechanical products for aerospace use. These programs have been taken over by Standard Precision, Inc. (formerly Standard Products, Inc.), a wholly-owned subsidiary in Wichita, Kansas.

In July, ECI acquired the net assets and business of Electronic Instrument for Research, Inc., a company engaged in the production of gas chromatographs and related instruments used in medical and clinical research. Its programs have been taken over by the Research Division.



CONSOLIDATED BALANCE SHEETS

ASSETS

		SEPTEMBER 30 1963	1962
CURRENT ASSETS	Cash	$ 1,287,660	$ 1,139,668
	Accounts receivable, less reserve	752,323	1,328,409
	Amounts receivable under defense contracts (Note 1)	5,676,377	5,611,158
	Inventories, at the lower of cost or market (Note 1)	3,486,522	6,156,909
	Prepaid insurance, taxes, etc.	248,240	258,900
	Investment in preferred stock (Note 2)	250,000	—
	Total current assets	$11,701,122	$14,495,044
INVESTMENT	Preferred stock (Note 2)	$ 900,700	$ —
OTHER ASSETS	Excess of cost of investment in consolidated subsidiary over underlying book value (Note 3)	$ 540,615	$ —
	Debt discount and expense, in process of amortization	189,406	—
		$ 730,021	$ —
PROPERTY, PLANT AND EQUIPMENT, at cost	Land, buildings, machinery and equipment	$ 9,518,915	$ 4,657,347
	Less—Reserve for depreciation	4,611,632	1,513,423
		$ 4,907,283	$ 3,143,924
		$18,239,126	$17,638,968

The accompanying notes to financial state

LIABILITIES

		September 30 1963	1962
CURRENT LIABILITIES	Notes payable ($2,000,000 due to banks February 28, 1964, under Restated V-Loan Agreement—Note 1)	$ 2,030,000	$ 2,860,770
	Accounts payable	1,820,038	3,407,590
	Provision for income taxes	161,817	544,637
	Accrued salaries, wages, taxes, interest, etc.	664,900	407,647
	Installments on long-term debt due within one year	175,239	60,467
	Total current liabilities	$ 4,851,994	$ 7,281,111
LONG-TERM DEBT	First mortgage notes, due in installments to 1975	$ 1,842,200	$ 1,032,216
	Note payable to bank, due in installments to 1966	95,000	—
	Subordinated convertible debentures (Note 4)	1,873,000	—
		$ 3,810,200	$ 1,032,216
CAPITAL STOCK AND SURPLUS (Notes 1, 5 and 6)	6% cumulative convertible preferred stock, par value $10.00 per share, authorized 200,000 shares, outstanding 37,840 shares	$ 378,400	$ 382,370
	Common stock, par value $1.00 per share, authorized 1,000,000 shares, outstanding 757,124 shares	757,124	719,728
	Capital surplus	5,598,280	5,073,541
	Earned surplus	2,843,128	3,150,002
		$ 9,576,932	$ 9,325,641
		$18,239,126	$17,638,968

integral part of these balance sheets.

CONSOLIDATED STATEMENTS OF INCOME

		YEAR ENDED SEPTEMBER 30	
		1963	1962 (Note 2)
NET SALES		$19,008,639	$28,127,053
COSTS AND EXPENSES	Manufacturing costs, selling and administrative expenses (including depreciation of $361,619 in 1963 and $251,569 in 1962)	$18,094,844	$26,497,938
	Interest expense	237,637	290,677
	Loss of discontinued operations (Note 2)	13,448	7,390
	Other (income) deductions, net	(131,065)	(122,099)
		$18,214,864	$26,673,906
	Income before income taxes	$ 793,775	$ 1,453,147
INCOME TAX PROVISION		380,000	745,000
	Net income	$ 413,775	$ 708,147

CONSOLIDATED STATEMENTS OF SURPLUS

		YEAR ENDED SEPTEMBER 30	
		1963	1962
EARNED SURPLUS	Balance at beginning of the year	$3,150,002	$2,465,022
	Add—Net income	413,775	708,147
		$3,563,777	$3,173,169
	Deduct—		
	Cash dividends—		
	6% cumulative preferred stock	$ 22,789	$ 23,167
	Common stock at $.05 per share	37,856	—
	Five percent common stock dividend (35,986 shares at quoted market price of $15.375 per share)	553,285	—
	Loss on sale of net assets and liquidation of a wholly-owned subsidiary, net of applicable income tax (Note 2)	106,719	—
		$ 720,649	$ 23,167
	Balance at end of the year (Note 1)	$2,843,128	$3,150,002
CAPITAL SURPLUS	Balance at beginning of the year	$5,073,541	$3,450,751
	Add—		
	Excess of quoted market over par value of common stock issued as stock dividend	517,299	—
	Excess of proceeds (net of $46,464 of expenses) from sale of 100,000 shares of common stock over par value thereof	—	1,606,536
	Other	7,440	16,254
	Balance at end of the year	$5,598,280	$5,073,541

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. [illegible]TATED V-LOAN AGREEMENT AND COLLATERAL:
The Restated V-Loan Agreement, as amended, provides that the Company, upon written request, will assign as collateral for such loan the moneys due and to become due under defense contracts entered into after May 15, 1962 (as of September 30, 1963, no request for assignment has been made). However, on contracts entered into prior to that date, the Company has assigned defense contract receivables of $2,848,437 and unfilled defense contracts totaling $678,094 as security for the loan.

Net current assets at September 30, 1963, as defined in the Agreement, amounted to $6,849,128 as compared to a minimum requirement under the Agreement of $5,000,000.

The Agreement provides that, except with the prior consent of the lenders, the Company shall not reacquire any of its capital stock or pay cash dividends on its common stock except that dividends may be paid in any year in an amount not to exceed 50% of consolidated net income or $250,000, whichever is lower.

2. SALE OF NET ASSETS AND LIQUIDATION OF SUBSIDIARY:
During 1963 substantially all of the net assets of Air Associates, Inc., a wholly-owned subsidiary of the Company, were sold to Van Dusen Aircraft Supplies, Inc. for $1,504,473 in cash and $1,150,-7[illegible] Van Dusen 4% cumulative pre-[illegible] stock. Preferred stock in the am[illegible] of $250,000 is to be retired on or before May 1, 1964, and the remainder ($900,700) is to be retired in annual installments dependent upon earnings and any subsequent financing of Van Dusen as provided in the sales agreement.

The loss (net of applicable income tax of $109,000) on the sale of the net assets and the liquidation of Air Associates, Inc. of $106,719 has been charged to earned surplus.

The consolidated statement of income for the year ended September 30, 1962, has been restated to eliminate the sales ($8,758,146) and related expenses ($8,-765,536) of Air Associates and the net loss applicable thereto is set forth under the caption "loss of discontinued operations" in the accompanying consolidated statement of income.

3. ACQUISITION OF SUBSIDIARY COMPANY:
On August 20, 1963, the Company acquired approximately 75% of the outstanding voting stock of The Benson Manufacturing Company through the purchase for cash of all of Benson's preferred stock (198,636 shares having the same voting rights as common stock) and 195,911 of Benson's 327,136 outstanding shares of common stock. The price paid by the Company was $3 for each share of preferred stock and $2 for each share of common stock. Subsequently, the Company made an offer (expiring November 15, 1963) to purchase the remaining 131,225 shares of Benson's common stock at $2 per share. As of September 30, 1963, the Company had acquired 7,688 additional shares pursuant to this offer.

The excess of the cost of the Company's investment in Benson stock over Benson's net assets at the date of acquisition ($540,615) has been included in the accompanying consolidated balance sheet as "excess of cost of investment in consolidated subsidiary over underlying book value." The ultimate disposition of this excess has not been determined pending the outcome of the offer to acquire the remaining outstanding common stock of Benson and the completion of appraisals of the assets.

The accompanying consolidated financial statements include the balance sheet accounts and the results of operations of Benson from the date of acquisition.

4. SUBORDINATED CONVERTIBLE DEBENTURES OF SUBSIDIARY:
A subsidiary of the Company, The Benson Manufacturing Company, has outstanding $1,873,000 of 6% subordinated convertible debentures maturing November 30, 1971. The debentures are redeemable at the option of Benson at 104% of the principal amount to November 30, 1963, and at prices declining ½% per year thereafter. Benson is required to make sinking fund deposits on August 31 of each year in an amount equal to 10% of its net earnings for the prior fiscal year.

The debentures are convertible at the option of the holders into Benson's common stock at $12 principal amount of debentures for each share to November 30, 1964, and $13 thereafter. At September 30, 1963, 156,083 shares of Benson's common stock were reserved for conversion of the debentures.

5. PREFERRED STOCK:
The Company's 6% cumulative convertible preferred stock (par, liquidation and redemption values $10 per share) is convertible into common stock in a ratio of 1.575 shares of common for each share of preferred.

6. STOCK OPTIONS:
The stockholders have approved certain stock options whereby 60,614 shares of common stock may be sold to selected executives and key employees at 85% of the fair market value of the shares at date of grant. The options are exercisable in three annual installments on a cumulative basis.

During the year ended September 30, 1963, options for 11,987 shares were granted and options for 7,162 shares were canceled. Options for 789 shares were exercised during the year at varying prices for amounts aggregating $4,881. At September 30, 1963, options were outstanding with respect to 53,592 shares at varying prices, as shown below:

Number of Shares	Option Prices per Share	Aggregate Option Price
263	$ 6.29	$ 1,654
11,687	10.74	125,519
18,068	13.17 to 16.80	264,873
23,574	20.96 to 28.34	560,546
53,592		$952,592

7. CONTINGENT LIABILITIES:
A substantial part of the sales are made under defense contracts subject to price redetermination and statutory renegotiation. It is the opinion of management that future price redetermination proceedings will have no adverse effect on the accompanying consolidated financial statements and that no refund of profits will be required under renegotiation.

8. METHOD OF PROFIT ACCRUAL:
Profits are recorded on defense contracts, prior to completion thereof, where, in the opinion of management, such profits can be reasonably estimated after taking into consideration the stage of contract completion and estimated final costs and prices.

9. LOSS CARRY-FORWARDS:
A subsidiary of the Company, The Benson Manufacturing Company, has accumulated operating losses of approximately $2,700,000 which may be used to offset its taxable income in future periods. Of this amount, approximately $1,000,000 expires in 1966, $460,000 in 1967, and the remainder in subsequent periods.

10. RETIREMENT PLANS:
During 1963 the Company established noncontributory retirement plans for salaried and hourly employees providing for retirement benefits based on length of service at a normal retirement age of 65. The estimated annual cost of the plans to the Company is $128,000 of which $24,000 is applicable to past service. Unfunded past service benefits amounted to approximately $450,000 at September 30, 1963, which amount is being funded over a thirty-year period.

ARTHUR ANDERSEN & CO.

To the Stockholders and Board of Directors of Electronic Communications, Inc.:

We have examined the consolidated balance sheet of Electronic Communications, Inc. (a New Jersey corporation) and subsidiaries as of September 30, 1963, and the related consolidated statements of i[illegible] and surplus for the year then ended. Our examination was [illegible] accordance with generally accepted auditing standards, and [illegible]gly included such tests of the accounting records and such other a[illegible]g procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income and surplus present fairly the financial position of Electronic Communications, Inc. and subsidiaries as of September 30, 1963, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceeding year.

Atlanta, Georgia,
October 25, 1963.

Arthur Andersen & Co.

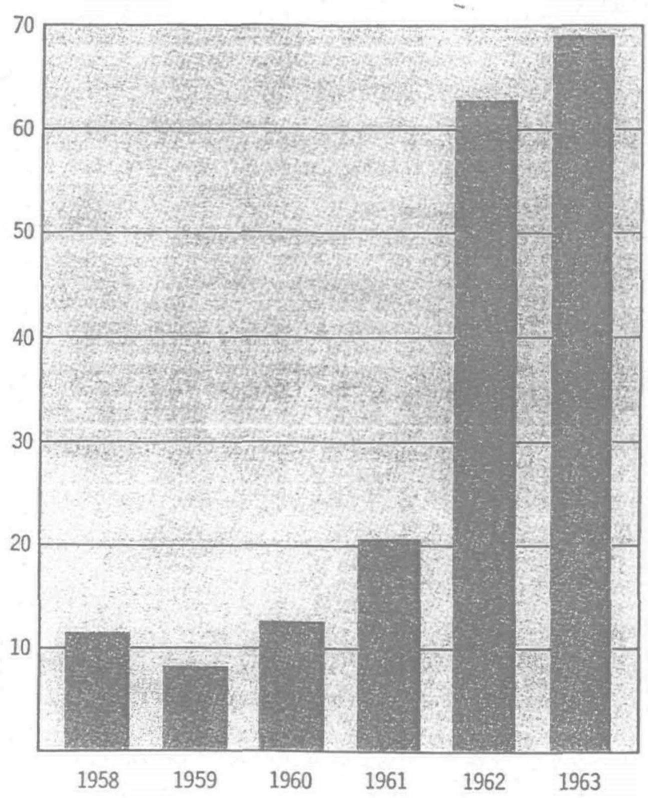
FINANCIAL HISTORY

(Except for per share figures all dollar amounts are in thousands)

	1963	1962 (1)	1961 (1)	1960 (1)	1959 (1)	1958 (1)
Net sales	$ 19,009	$ 28,127	$ 14,332	$ 15,329	$ 24,098	$ 15,568
Interest	238	291	316	241	282	380
Profit (loss) of discontinued operations	(13)	(7)	17	13	(63)	22
Net income (loss)	414	708	306	(558)	810	576
Current assets	11,701	14,495	12,569	10,849	13,323	12,137
Current liabilities	4,852	7,281	7,355	6,617	8,276	9,276
Net current assets	6,849	7,214	5,214	4,232	5,047	2,861
Net worth	9,577	9,326	6,923	6,537	7,095	4,592
Number of preferred shares	37,840	38,237	38,983	42,248	44,290	58,816
Number of common shares	757,124	719,728	617,482	597,209	590,076	398,120
Per common share (on shares outstanding at end of year after requirements of preferred stock):						
Net income (loss)	$ .52 (2)	$ .95	$ .46	$ (.98)	$ 1.32	$ .56
Net current assets	8.55 (2)	9.49	7.81	6.38	7.80	5.71
Net worth	12.15 (2)	12.43	10.58	10.24	11.27	10.06

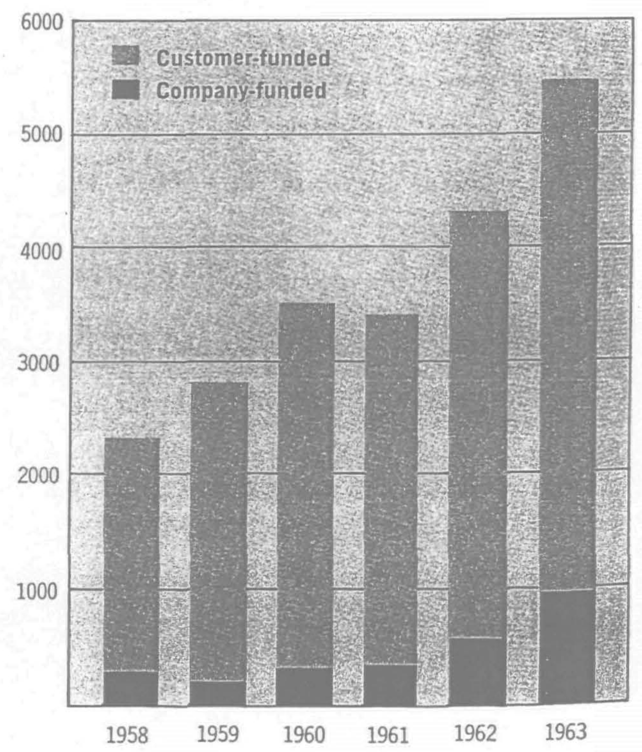
(1) Net sales, interest and profit (loss) of discontinued operations have been restated to reflect the sale in 1963 of a wholly-owned subsidiary.
(2) After giving effect to 5% stock dividend in 1963.

PRIME CONTRACTS AS A PERCENTAGE OF SALES



RESEARCH, DEVELOPMENT AND ENGINEERING

(Dollars in thousands)



ELECTRONIC COMMUNICATIONS, INC.

36TH ANNUAL REPORT 1963

General Offices and St. Petersburg Division	**St. Petersburg, Florida**
Research Division	**Timonium, Maryland**
Standard Precision, Inc.	**Wichita, Kansas**
The Benson Manufacturing Company	**Kansas City, Missouri**

DIRECTORS

C. K. BAXTER, President
The Donner Corporation
'iladelphia, Pennsylvania

BISHOP, President
.ectronic Communications, Inc.

J. PAUL CRAWFORD, JR.,
Regional Vice President
Chemical Bank New York Trust Company
New York, New York

JOHN D. KERR, Board Chairman
Product Techniques, Inc.
Los Angeles, California

H. A. KROEGER, Partner
A. & H. Kroeger Organization
New York, New York

DUNCAN MILLER, Vice President
Laird & Company, Corporation
New York, New York

WILLIAM D. ROOSEVELT,
Board Chairman
Standard Precision, Inc.
Wichita, Kansas

E. P. T. SMITH, JR., Vice President
The Donner Corporation
Philadelphia, Pennsylvania

J. B. WILLIAMS, Vice President
Electronic Communications, Inc.

GILL ROBB WILSON, Vice President
Ziff-Davis Publishing Company
New York, New York

*W. R. YARNALL, Vice President
The Donner Corporation
Philadelphia, Pennsylvania

*Chairman

OFFICERS

S. W. BISHOP, President

W. R. YARNALL, Vice President—Finance

J. B. WILLIAMS, Vice President and General Manager, St. Petersburg Division

P. G. HANSEL, Vice President—Engineering

D. D. KING, Vice President—Research

C. L. LORD, Vice President, Secretary and Treasurer

L. W. WILLEY, Vice President—Operations

J. W. ERNEST, Assistant Secretary

H. E. OWENS, Assistant Secretary

T. F. PEPPEL, Assistant Secretary

E. P. T. SMITH, JR., Assistant Secretary

TRANSFER AGENTS

Registrar and Transfer Company
New York and Jersey City

AUDITORS

Arthur Andersen & Co.

REGISTRAR

Chemical Bank New York Trust Company, New York

GENERAL COUNSEL

Ballard, Spahr, Andrews & Ingersoll
Philadelphia

'n Invitation. Stockholders are cordially invited to the Annual Meeting at the eral offices of the Company, 1501 72nd St. N., St. Petersburg, Fla., at 10:30 A.M. on Thursday, January 30, 1964.

MINUTES OF MEETING

of the

BOARD OF DIRECTORS
of

ELECTRONIC COMMUNICATIONS, INC.

Held September 27, 1965

A meeting of the Board of Directors of ELECTRONIC COMMUNICATIONS, INC. was held at the Midday Club on the 28th Floor of the Fidelity-Philadelphia Trust Building, Philadelphia, Pennsylvania, on Monday, September 27, 1965, immediately following lunch, pursuant to notice given to all the Directors in accordance with the By-Laws of the Corporation.

The following Directors of the Corporation, constituting a quorum, were present:

Messrs. W. R. Yarnall
C. K. Baxter
S. W. Bishop
D. R. Bradley
Duncan Miller
W. D. Roosevelt
E. P. T. Smith, Jr.
J. B. Williams
G. R. Wilson.

Messrs. J. P. Crawford, Jr. and H. A. Kroeger were absent. Mr. T. G. B. Ebert, of Ballard, Spahr, Andrews & Ingersoll, was present by invitation.

Mr. C. L. Lord, Secretary of the Corporation, was present and acted as Secretary of the meeting.

Mr. W. R. Yarnall, Chairman, called the meeting to order.

The minutes of the meeting of the Board of Directors held on August 23, 1965 were unanimously approved.

Mr. Yarnall reported for the Executive Committee, stating the Committee had reviewed the results of operations for the month of August and projected earnings for the year ending September 30, 1965. The backlog is at an all-time high of $41,500,000 and prospects are encouraging for an even higher figure by year end. A tornado struck SPI's warehouse in Wichita on September 3, 1965 but no adverse effect is expected on the Company's financial statements because the building and contents are adequately covered by insurance. The Company is still actively pursuing acquisition possibilities and Scott Electronics Company, in Orlando, Florida, and the R. L. Drake Company, of Miamisburg, Ohio, are receiving active consideration at this time.

Mr. Bishop delivered his President's Report, including a review of operations for the month of August, 1965, which indicated profits after taxes of $31,885, or .042¢ per common share. Net income for the eleven months ended in August amounted to $455,880, equivalent to 62¢ per common share. The Company still expects to equal or exceed earnings reported for the fiscal year ended in 1964. The backlog continues at a high level and is expected to reach another record as of the end of September, 1965. At the present time both St. Petersburg and Benson are experiencing schedule slippages because of start-up problems involved with new programs. Benson has had, in addition, the effect of the strike which was settled in early August. Mr. Bishop reviewed the charts setting forth comparison of performance against projectio for all Divisions. He stated that fiscal year 1966 forecasts will be upgraded and initial fiscal year 1967 forecasts prepared and reviewed with the Directors at the October meeting. At the same time new product development programs will also be reviewed. He concluded his report by saying that management was continuing its efforts to uncover likely acquisition candidates, and in addition to the two companies referred to in the Executive Committee report he hoped other possibilities would be available for discussion at the October meeting.

Mr. Bishop asked the Directors to give consideration to the appropriations for capital expenditures for the six month period beginning October 1, 1965 and ending March 31, 1966. After due consideration and discussion the Directors unanimously approved the following appropriations for such period:

St. Petersburg Division:	
Manufacturing	$160,000
Engineering	85,000
Administration	35,000
	$280,000
Benson Manufacturing	60,000
Standard Precision (including $10,000 uncommitted from the prior six months appropriation)	30,000
	$370,000

The President also asked the Directors to give consideration to an annual appropriation for charitable contributions, and after discussion the Directors approved an appropriation of $5,000 for charitable contributions for the Corporation and its divisions and subsidiaries for the fiscal year ending September 30, 1966. Individual contributions are to be approved at the sole discretion of the President.

The Chairman announced that the Board of Directors should next consider a proposal that its wholly owned subsidiary, Standard Precision, Inc. be completely liquidated and dissolved pursuant to the terms of the following Plan of Complete Liquidation of Standard Precision, Inc. which was presented to the meeting:

"This Plan of Complete Liquidation proposes to accomplish the complete liquidation of Standard Precision, Inc., a Kansas corporation, through the distribution by it of all of its assets in complete cancellation of all of its stock pursuant to Section 332 of the Internal Revenue Code of 1954 in the following manner:

1. When this Plan has been adopted by the Board of Directors of Standard Precision, Inc. ("Standard"), it shall be submitted to Electronic Communications, Inc., a New Jersey corporation, ("ECI"), the owner of all of the issued and outstanding stock of Standard.

2. This Plan shall be considered adopted when the Board of Directors of ECI approves the Plan and authorizes the distribution of all of the assets of Standard in complete cancellation of all of its stock.

3. After adoption of this Plan the following action shall be taken:

(a) Standard shall cease doing business and all of its properties, assets and rights of every description real, personal and mixed, tangible and intangible, wherever situated shall be transferred and distributed to ECI in complete cancellation of all the stock of Standard, and

(b) ECI shall assume payment of all liabilities and performance of all obligations, if any, of Standard of every description, whether absolute or contingent.

4. As soon as practicable after the action referred to in Section 3 of this Plan has been taken:

(a) ECI shall surrender to Standard the certificates representing all of the issued and outstanding stock of Standard and such certificates and the shares represented thereby shall be cancelled, and

(b) Standard shall formally be dissolved in accordance with the General Corporation Code of the State of Kansas."

Thereafter, upon motion duly made and seconded, the following resolutions were unanimously adopted:

> RESOLVED, that the foregoing Plan of Complete Liquidation of Standard Precision, Inc. and that the following resolution:
>
> > "RESOLVED, that it is deemed advisable, in the judgment of the Board of Directors, and for the benefit of the Corporation, that the Corporation should be dissolved."
>
> which was adopted by the Board of Directors of Standard Precision, Inc., on September 27, 1965, are hereby approved.
>
> RESOLVED, that Electronic Communications, Inc., the owner of all of the issued and outstanding stock of Standard Precision, Inc., hereby authorizes and approves of the dissolution of Standard Precision, Inc. and hereby authorizes the distribution of all of its assets in complete cancellation of all of its stock as provided in the foregoing Plan of Complete Liquidation.
>
> RESOLVED, that the President and the Secretary are hereby authorized to execute and file a written consent to the dissolution of Standard Precision, Inc. in the name and on behalf of Electronic Communications, Inc., as the owner of all of the issued and outstanding stock of Standard Precision, Inc.
>
> RESOLVED, that the President and Secretary are authorized and directed to execute and deliver, on behalf of this Corporation and in its name, an instrument whereby Standard Precision, Inc. transfers and assigns to this Corporation all of Standard Precision, Inc.'s assets in complete cancellation of all of Standard Precision, Inc.'s stock, against an assumption by this Corporation of all of Standard Precision, Inc.'s liabilities.

The Chairman stated that in connection with the liquidation of Standard Precision, Inc. it was necessary for the Company to make satisfactory arrangements with The Fourth National Bank and Trust Company, Wichita, relative to the bank accounts and borrowings with that financial institution. Whereupon, after motion duly made and seconded, it was unanimously

> RESOLVED, that the officers of Electronic Communications, Inc. are hereby authorized to open bank accounts at The Fourth National Bank and Trust Company, Wichita, Kansas, and that they are further authorized to execute and deliver to such Bank resolutions in such form as the Bank may reasonably require, with the authorized signatures to continue to be the same as those previously authorized by Standard Precision, Inc.

> RESOLVED, that W. R. Yarnall, Chairman, S. W. Bishop, President, or C. L. Lord, Treasurer, are hereby authorized to deliver to The Fourth National Bank and Trust Company, Wichita, Kansas, a note dated October 1, 1965, in an amount of $75,000.00 with interest at the rate of 6% per annum until maturity, with payments to be paid in installments as follows:

>> $5,000.00 (Five Thousand Dollars) plus accrued interest at the rate of 6% per annum payable quarterly, beginning December 1, 1965, and $5,000.00 and accrued interest at 6%, on the 1st day of each succeeding March, June, September and December thereafter, with a final installment of $50,000.00 plus all accrued interest due and payable on March 1, 1967.

The Chairman announced that the Directors should, in connection with the dissolution of Standard Precision, Inc., consider means of preserving the Standard Precision name in Kansas. After discussion and on motion duly made and seconded, the following resolution was unanimously adopted:

> RESOLVED, that the officers are authorized and directed to cause to be incorporated in Kansas, immediately after the dissolution of Standard Precision, Inc. becomes effective, a new Kansas corporation to be named Standard Precision, Inc.

The next meeting was scheduled for October 25, 1965, following lunch, at the Midday Club, 28th Floor, Fidelity-Philadelphia Trust Building, Philadelphia, Pennsylvania, unless otherwise agreed upon.

There being no further business to come before the Board, the meeting was, on motion duly made, seconded and carried, adjourned at 3:15 o'clock p.m.

R. L. Lord

Secretary

FORM RH-1

FEB 25 1965

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Kansas State Department of Health

APPLICATION FOR RADIOACTIVE MATERIAL LICENSE

INSTRUCTIONS—Complete Items 1 through 16 if this is an initial application. If application is for renewal of a license, complete only Items 1 through 7 and indicate new information or changes in the program as requested in Items 8 through 15. Use supplemental sheets where necessary. Item 16 must be completed on all applications. Mail two copies to: Kansas State Department of Health, Radiological Health Section, State Office Bldg., Topeka, Kan. Upon approval of this application, the applicant will receive a Kansas Radioactive Material License, issued in accordance with the general requirements contained in Kansas State Department of Health, Radiation Protection Regulations and the Kansas Nuclear Energy Development and Radiation Control Act.

1. (a) NAME AND STREET ADDRESS OF APPLICANT. (Institution, firm, hospital, person, etc.)

Standard Precision, Inc.
4105 West Pawnee, Wichita, Kansas

(b) STREET ADDRESS(ES) AT WHICH RADIOACTIVE MATERIAL WILL BE USED. (If different from 1 (a).)

--

2. DEPARTMENT TO USE RADIOACTIVE MATERIAL.

Clean and Stripping Department

3. PREVIOUS LICENSE NUMBER(S). (If this is an application for renewal of a license, please indicate and give number.)

none

4. INDIVIDUAL USER(S). (Name and title of individual(s) who will use or directly supervise use of radioactive materials. Give training and experience in Items 8 and 9.)

Howard Chadd, Foreman

5. RADIATION PROTECTION OFFICER (Name of person designated as radiation protection officer if other than individual user. Attach resume of his training and experience as in Items 8 and 9).

none.

6. (a) RADIOACTIVE MATERIAL. (Elements and mass number of each.)

We presume RA 226

(b) CHEMICAL AND/OR PHYSICAL FORM AND MAXIMUM QUANTITY OF EACH CHEMICAL AND/OR PHYSICAL FORM THAT YOU WILL POSSESS AT ANY ONE TIME. (If sealed source(s), also state name of manufacturer, model number, number of sources and maximum activity per source.)

7. DESCRIBE PURPOSE FOR WHICH RADIOACTIVE MATERIAL WILL BE USED. (If radioactive material is for "human use," Supplement A (FORM RH-2) must be completed in lieu of this item. If radioactive material is in the form of sealed sources, include the make and model number of the storage container and/or device in which the source will be stored and/or used.)

We do not use Radioactive Material in our products. We have been advised by your office that it is

(Continued on reverse side)

present in our Clean & Stripping Department. This Radioactive Material must therefore be present in some surplus instruments used in our products. The Clean & Strip process would remove the Radioactive Material from the metal parts, but could permit accumulation in work and drain areas.

TRAINING AND EXPERIENCE OF EACH INDIVIDUAL NAMED IN ITEM 4 (Use supplemental sheets if necessary).

8. TYPE OF TRAINING	WHERE TRAINED	DURATION OF TRAINING	ON THE JOB (Circle answer)	FORMAL COURSE (Circle answer)
a. Principles and practices of radiation protection	none		Yes No	Yes No
b. Radioactivity measurement standardization and monitoring techniques and instruments	none		Yes No	Yes No
c. Mathematics and calculations basic to the use and measurement of radioactivity	none		Yes No	Yes No
d. Biological effects of radiation	none		Yes No	Yes No

9. EXPERIENCE WITH RADIATION (Actual use of radioisotopes or equivalent experience). none

ISOTOPE	MAXIMUM AMOUNT	WHERE EXPERIENCE WAS GAINED	DURATION OF EXPERIENCE	TYPE OF USE

10. RADIATION DETECTION INSTRUMENTS (Use supplemental sheets if necessary).

TYPE OF INSTRUMENTS (Include make and model number of each)	NUMBER AVAILABLE	RADIATION DETECTED	SENSITIVITY RANGE (mr/hr)	WINDOW THICKNESS (mg/cm^2)	USE (Monitoring, Surveying, Measuring)
Will procure a recommended instrument.					

11. METHOD, FREQUENCY, AND STANDARDS USED IN CALIBRATING INSTRUMENTS LISTED ABOVE. as recommended.

12. FILM BADGES, DOSIMETERS, AND BIO-ASSAY PROCEDURES USED (For film badges, specify method of calibrating and processing, or name of supplier). none

INFORMATION TO BE SUBMITTED ON ADDITIONAL SHEETS

13. FACILITIES AND EQUIPMENT. Describe laboratory facilities and remote handling equipment, storage containers, shielding, fume hoods, etc. Explanatory sketch of facility is attached (Circle answer). Yes No - No sketch - not applicable.

14. RADIATION PROTECTION PROGRAM. Describe the radiation protection program including control measures. If application covers sealed sources, submit leak testing procedures where applicable, name, training, and experience of person to perform leak tests and arrangements for performing initial radiation survey, servicing, maintenance and repair of the source.
General housekeeping improvement by daily wash down.

15. WASTE DISPOSAL. If a commercial waste disposal service is employed, specify name of company. Otherwise, submit detailed description of methods which will be used for disposing of radioactive wastes and estimates of the type and amount of activity involved.
Bill Mesker Sanitation Company, 1300 Airport Road, Wichita, Kansas - 1,000 gal.

CERTIFICATE

(This item must be completed by applicant)

16. THE APPLICANT AND ANY OFFICIAL EXECUTING THIS CERTIFICATE ON BEHALF OF THE APPLICANT NAMED IN ITEM 1, CERTIFY THAT THIS APPLICATION IS PREPARED IN CONFORMITY WITH KANSAS STATE DEPARTMENT OF HEALTH RADIATION PROTECTION REGULATIONS AND THAT ALL INFORMATION CONTAINED HEREIN, INCLUDING ANY SUPPLEMENTS ATTACHED HERETO, IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF.

Standard Precision, Inc.
Applicant named in Item 1

Date February 24, 1965

By: H. W. Scudlo
H. W. Scudlo

Vice President
Title of certifying official authorized to act on behalf of the applicant

STANDARD PRECISION

A DIVISION OF ECI (AN NCR SUBSIDIARY)

4105 W. PAWNEE • BOX 1297 • WICHITA, KANSAS 67201 • 942-3241

• GENERAL AVIATION PRODUCTS
• MILITARY PRODUCTS
• RESEARCH & DEVELOPMENT PROGRAMS

RADIOLOGICAL
JUN 18 1970
HEALTH SECTION

June 17, 1970

Kansas State Department of Health
State Office Building
Topeka, Kansas 66612

Attention: Mr. Gerald W. Allen

Gentlemen:

This letter is in regard to continuing our Kansas Radioactive Materials license number 25-R061-01 which expires on July 31, 1970.

We wish to renew our license. There has been no change in our program at this time and we do not anticipate any changes in the near future.

Thank you,

E. L. Bailey

E. L. Bailey
Quality Control Manager

sl

COPY

STATE OF KANSAS
RADIOACTIVE MATERIALS LICENSE

Supplementary Sheet:

License Number 25-R061-01
Amendment No. 4

Standard Precision, Inc.
4105 West Pawnee
Box 1297
Wichita, Kansas 67201

License number 25-R061-01 is hereby amended as follows:

To read:

Item 3: 25-R061-01 (G 72)

Item 4: July 31, 1972

JUN 23 1970

FOR THE STATE DEPARTMENT OF HEALTH

By [signature]

PROSPECTUS

The National Cash Register Company

468,529 Shares of Common Stock

($5.00 par value)

EXCHANGE OFFER

To holders of common stock of Electronic Communications, Inc.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE EXCHANGE OFFER

The National Cash Register Company ("NCR") hereby offers to exchange shares of its Common Stock for shares of common stock of Electronic Communications, Inc. ("ECI") at the rate of one share of Common Stock of NCR for each two shares of common stock of ECI, subject to the terms and conditions more fully set forth herein under "Exchange Offer to Holders of Common Stock of Electronic Communications, Inc."

The Exchange Offer to the holders of common stock of ECI will expire at 3:30 P.M., New York local time on September 3, 1968, but it may be extended for not more than 30 days as herein provided.

NCR is informed that certain stockholders of ECI may exchange shares of ECI common stock for shares of NCR's Common Stock, and thereafter such stockholders or persons purchasing from them may offer and sell shares of NCR's Common Stock through transactions on the New York Stock Exchange or otherwise, at market prices prevailing at the time of sale or at negotiated prices and without payment of any underwriting discounts or commissions, except usual and customary distributor's or salesman's commissions paid to brokers or dealers. Such stockholders or other persons may be deemed to be "underwriters" within the meaning of the Securities Act of 1933.

EXCHANGE AGENT

Registrar and Transfer Company
15 Exchange Place
Jersey City, New Jersey 07302

FORWARDING AGENT

First National City Bank
Corporate Trust Department
55 Wall Street
New York, New York 10015

The date of this Prospectus is August 2, 1968.

No dealer, salesman or any other person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offer contained in this Prospectus and, if given or made, such other information or representations must not be relied upon as having been authorised by NCR. This Prospectus does not constitute an offer by NCR to sell securities in any state to any person to whom it is unlawful for NCR to make such offer in such state.

Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of NCR or ECI since the date hereof.

Until September 12, 1968 all dealers effecting transactions in the registered securities, whether or not participating in this Exchange Offer, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as underwriters or otherwise in connection with the Exchange Offer and with respect to their unsold allotments or subscriptions.

REGISTRATION STATEMENT

The information contained herein under the headings "History and Business of ECI", "Description of Common Stock of ECI" and "Management of ECI" and the financial data with respect to ECI included in the "ECI Statements of Income" and its financial statements constituting a part hereof were furnished to NCR by ECI for inclusion in this Prospectus.

NCR has filed with the Securities and Exchange Commission, Washington, D. C., a registration statement (herein together with all amendments thereto, sometimes referred to as the Registration Statement) under the Securities Act of 1933, as amended, with respect to the shares of Common Stock covered by this Prospectus. For further information with respect to NCR and the Common Stock, reference is made to the Registration Statement, including the exhibits and financial statements which are a part thereof. A copy of the Registration Statement may be obtained from the Commission's principal office in Washington, D. C. upon payment of the fee prescribed by the Commission's Rules of Practice, or examined there without charge.

TABLE OF CONTENTS

EXCHANGE OFFER
TO HOLDERS OF COMMON STOCK OF
ELECTRONIC COMMUNICATIONS, INC.

The Exchange Offer

Not exceeding 468,529 shares of Common Stock of the par value of $5 each of NCR covered by this Prospectus are being offered to the holders of common stock, par value $1 per share, of ECI in exchange for their shares of common stock of ECI, at the rate of one share of Common Stock of NCR for each two shares of common stock of ECI. Upon the "Closing Date" of this offer, or as promptly as practicable thereafter, and subject to the satisfaction of the conditions referred to below, NCR will issue and deliver to Registrar and Transfer Company of Jersey City, New Jersey, as Exchange Agent, for distribution to the stockholders of ECI who have accepted the offer one share of Common Stock of NCR for each two shares of common stock of ECI deposited in acceptance of the offer. The Agreement, dated as of May 20, 1968, between NCR and ECI, setting forth the terms and conditions of the Exchange Offer, is filed as an exhibit to the Registration Statement of which this Prospectus is a part and is incorporated herein in its entirety by this reference.

The exchange ratio was determined by negotiation between the management of NCR and the management and the Board of Directors of ECI after consideration of various relevant factors, including the possible advantages which are expected to accrue from a joining of the two companies and the acceptability of the Exchange Offer to the holders of common stock of ECI.

Approval of Exchange Offer

NCR has been advised that the Board of Directors of ECI has unanimously approved the Exchange Offer and has recommended that the holders of common stock of ECI accept it. NCR has also been advised that on June 24, 1968 directors and officers of ECI and members of their families owned a total of approximately 111,000 shares of common stock of ECI (approximately 12.5% of the amount outstanding) and that they have indicated that they intend to accept the Exchange Offer. In addition, NCR has been further advised that on that date trusts established for the benefit of members of the William H. Donner family owned 207,176 shares of common stock of ECI (approximately 23.3% of the amount outstanding). Mr. Duncan Miller, a director of ECI, is president of The Donner Corporation which advises with respect to the investments of certain Donner family trusts, and Mr. Miller has advised NCR that The Donner Corporation will recommend that such trusts accept the Exchange Offer.

Acceptance of Offer

The holders of common stock of ECI may accept this offer on or before its "Expiration Date" by depositing their certificates representing shares of such common stock, accompanied by a properly executed Acceptance of Exchange Offer, in the form accompanying this Prospectus, with

Registrar and Transfer Company
15 Exchange Place
Jersey City, New Jersey 07302

The certificates should *not* be endorsed. The form of Acceptance of Exchange Offer must be filled in, manually signed in accordance with the instructions contained on the back of the form, and accompanied by supporting papers where required. Any defect in the completion of the form of Acceptance of Exchange Offer may be waived by NCR at its option. For the convenience of ECI stockholders who so desire, the stock certificates and acceptance forms may also be sent, for forwarding to the Exchange Agent, to the following Forwarding Agent:

First National City Bank
Corporate Trust Department
55 Wall Street
New York, New York 10015

Additional copies of the form of Acceptance of Exchange Offer and of this Prospectus may be obtained upon request to either the Exchange Agent or the Forwarding Agent or to

The National Cash Register Company Main and K Streets Dayton, Ohio 45409 Attention of the Secretary	or	Electronic Communications, Inc. 1501 72nd Street North St. Petersburg, Florida 33733 Attention of the Secretary

NCR will accept telegraphic tenders received at the office of the Exchange Agent on or before the Expiration Date, provided that such telegraphic tenders are signed by a bank or trust company having an office or correspondent in New York, N. Y. or by a firm or corporation which is a member of the New York Stock Exchange or the American Stock Exchange Clearing Corporation, and state the number of shares of common stock of ECI tendered for exchange, the names of the registered holders thereof, and also state that such stock certificates, together with the duly executed Acceptance of Exchange Offer, have been deposited in the United States mail, addressed to the Exchange Agent, on or before the Expiration Date. Telegraphic tenders will be deemed a deposit with the Exchange Agent.

The deposit of shares of common stock of ECI with the Exchange Agent will be irrevocable but if, on the Expiration Date, less than 80% of the shares of common stock of ECI issued and outstanding on such date have been deposited with the Exchange Agent, then the Exchange Offer will terminate, and all stock certificates and related documents which have been deposited with the Exchange Agent will be returned to the depositing stockholders, without expense to them, as promptly as practicable. Reference is also made to "Conditions of the Exchange Offer" and "Tax Ruling" below.

No charge will be made to exchanging stockholders for any transfer taxes, if any, or for fees or expenses of the Exchange Agent or the Forwarding Agent in connection with the exchange. All such charges will be borne by NCR.

Expiration Date

This offer will expire at 3:30 P.M. New York local time on September 3, 1968 but it may be extended by NCR from time to time but not beyond October 3 by written notice of extension delivered to the Exchange Agent. Notice of any such extension will be publicly announced. Such date, or such extended date, is called the "Expiration Date".

Notwithstanding the expiration of the Exchange Offer, NCR reserves the right, if the Exchange Offer is consummated, to effect, after the Expiration Date, exchanges of common stock of ECI for Common Stock of NCR upon substantially similar terms as those of the Exchange Offer, provided that no such exchanges will be made which might have the effect of altering the tax consequences of the transaction to the stockholders of ECI who have accepted the Exchange Offer; however, there is no assurance that any such exchanges will be made.

Closing Date

The Closing Date of this offer shall be the tenth day next succeeding the Expiration Date, excluding Saturdays, Sundays and legal holidays, or as soon thereafter as practicable.

ECI Dividend

On July 31, 1968 the Board of Directors of ECI declared the regular quarterly dividend of 5 cents a share on the common stock of ECI payable October 15, 1968 to holders of record at the close of business on September 12, 1968. Stockholders of ECI who accept the Exchange Offer and deposit their shares with the Exchange Agent will be entitled to this dividend whether or not the Exchange Offer is consummated.

Fractional Interests

No fractional shares will be issued to the ECI stockholders under the terms of the Exchange Offer. Provision has been made in the form of Acceptance of Exchange Offer to permit a stockholder of ECI who is entitled to a fractional interest in a share of Common Stock of NCR on the Closing Date to instruct the Exchange Agent as agent for such stockholder to sell such fractional interest or to purchase an additional fractional interest sufficient to make up one full share of Common Stock of NCR. Instructions to purchase will be matched off against fractional interests to be sold. As promptly as practicable after the Closing Date the Exchange Agent in its discretion will effect the purchase or sale, as the case may be, on the New York Stock Exchange or otherwise, of full shares representing excess fractional interests. All purchases and sales will be adjusted on the basis of the average market prices at which the transactions are effected by the Exchange Agent in the settlement of fractional interests. The Exchange Agent will remit by check to holders of fractional interests who elect to sell and will bill purchasers who elect to purchase additional fractional interests. If payment for the fractional interest purchased is not received within 30 days after the date of billing, the full share acquired will be sold. Stock transfer taxes and service and brokerage charges on the purchase or sale of fractional interests will be apportioned among the stockholders of ECI involved, as payment of such charges by NCR might adversely affect the tax-free status of the Exchange Offer.

Conditions of the Exchange Offer

The consummation of the Exchange Offer on the Closing Date is subject to the satisfaction of the conditions set forth in the Agreement, dated as of May 20, 1968, between NCR and ECI which conditions are designed to give NCR assurance as to the validity of the incorporation and good standing of ECI, its capitalization, assets, liabilities and financial condition, the nature of its contractual obligations and commitments, the absence of material adverse changes in its capitalization, assets, liabilities and financial condition since the date of the last balance sheet of ECI included in this Prospectus, the title to its properties (such title being that ordinarily required by a purchaser of like property), the absence of materially adverse litigation, and other matters of a similar nature. All of these conditions are provided for the benefit of NCR and any or all of them may be waived by it, in whole or in part.

If, on the Closing Date, any of these conditions is not satisfied or waived by NCR, all stock certificates and related documents which have been deposited with the Exchange Agent will be returned to the depositing stockholders, without expense, as promptly as practicable.

Tax Ruling

The consummation of the Exchange Offer is also subject to the condition that on or before the Closing Date a ruling from the U. S. Internal Revenue Service to the effect that no gain or loss for Federal income tax purposes will be recognized to any stockholder of ECI upon the exchange of his shares of ECI common stock for shares of NCR Common Stock pursuant to the Exchange Offer shall have been received by ECI. This condition may not be waived by NCR.

Solicitation of Exchanges

Solicitation of exchanges pursuant to the Exchange Offer will be made by mail. In addition, officers and employees of NCR and of ECI may solicit exchanges personally or by telephone, telegraph or mail, but they will not receive any fee or commission in connection therewith. NCR may engage paid solicitors to solicit exchanges and will reimburse banks, brokers and dealers, nominees and other custodians or fiduciaries for postage and reasonable clerical expenses in forwarding the Exchange Offer to their customers or principals.

There are no underwriting arrangements in connection with the Exchange Offer. However, paid solicitors who may be engaged to solicit exchanges may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act of 1933 by reason of their services and NCR may indemnify such persons against certain liabilities including liabilities under that Act.

Effects of Failure to Exchange

The common stock of ECI is listed on the American Stock Exchange. Upon consummation of the Exchange Offer, there is a possibility that ECI shares may be delisted under the distribution requirements of such Exchange.

In addition, if the number of holders of record of the common stock of ECI is reduced to less than 300 persons, the registration of such stock under the Securities Exchange Act of 1934 may be terminated and thereafter ECI will not be subject to the reporting requirements of that Act so that financial and other information required to be furnished under that Act may not be available to the minority holders of stock of ECI.

ECI Stock Options

At May 31, 1968 ECI had outstanding options to purchase an aggregate of 34,548 shares of its common stock held by 13 officers and employees. The options are exercisable prior to expiration at prices ranging from $8.99 to $24.69 per share. If the Exchange Offer is consummated, NCR will issue to the holders thereof, upon cancellation of such options, substituted stock options to purchase shares of Common Stock of NCR. These substituted stock options will entitle the holders to purchase one share of Common Stock of NCR for each two shares of common stock of ECI covered by the cancelled options at an option price equivalent to the aggregate option price for two shares of common stock of ECI under the cancelled options.

There is no direct affiliation between the two companies. No director or officer or any associate thereof of NCR owns beneficially any common stock of ECI. NCR is advised that one director of ECI owns beneficially 100 shares of Common Stock of NCR and that the children of one other director of ECI own an aggregate of 100 shares of Common Stock of NCR.

Certain stockholders of NCR are offering 10,016 shares of NCR Common Stock by a prospectus of even date herewith consisting of this prospectus and an additional cover page. Sales of such shares will be effected on the New York Stock Exchange through brokers or dealers. The commissions or discounts to be paid by said Selling Stockholders to brokers or dealers in respect of such sales will not exceed the usual and customary distributors' or sales' commissions or discounts. Such commissions and discounts are not considered to be underwriters' compensation.

COMPARATIVE PRICE RANGES OF NCR AND ECI COMMON STOCKS

The following table indicates the high and low sales prices, on a quarterly basis, of the Common Stock of NCR on the New York Stock Exchange from January 1, 1966 to July 30, 1968 and of the common stock of ECI for the same period on the American Stock Exchange. Such prices have not been adjusted to reflect a 10% stock dividend paid in December 1966 by ECI.

	NCR Common Stock		ECI Common Stock	
Quarter	High	Low	High	Low
1966 1st	86½	76	27½	17⅜
2nd	91½	77¼	28⅞	17
3rd	85	65⅜	21⅞	13¾
4th	72⅝	59	17½	12⅝
1967 1st	96	67⅛	21¾	15
2nd	102½	83¼	27⅞	18¼
3rd	115½	95¾	29½	21⅝
4th	136⅝	108¾	32⅞	21
1968 1st	133	99½	44¾	27¾
2nd	154¼	118¾	71	42
3rd (through July 30, 1968)	143½	123	67	56

On July 30, 1968 the closing price of the Common Stock of NCR on the New York Stock Exchange was $124.25 and on the same date the closing price of common stock of ECI on the American Stock Exchange was $58.50.

On March 29, 1968, the trading day immediately preceding the announcement that NCR and ECI had reached agreement in principle with respect to the Exchange Offer and on the ratio of exchange for their common stocks, the closing prices for NCR's Common Stock and ECI's common stock were $115 and $44, respectively. On April 2, 1968, the first full trading day after the announcement, the closing prices were $125.25 for NCR and $51.875 for ECI.

CAPITALIZATION

The following table shows the actual capitalization of NCR and its subsidiaries and ECI as at March 31, 1968 and as adjusted as at that date pro forma to reflect the consummation of the Exchange Offer made pursuant to this Prospectus, upon the assumptions that all of the outstanding preferred stock of ECI had been converted into common stock of ECI and that the holders of 100% of the then outstanding shares of common stock of ECI accept the Exchange Offer.

	NCR	ECI	Pro Forma
Short-term debt:			
Notes payable	$ 91,098,182	$ 79,842	$ 91,178,024
Current installments, long-term debt	3,002,606	225,405	3,228,011
Total short-term debt	$ 94,100,788	$ 305,247	$ 94,406,035
Long-term debt:			
3.375% Sinking fund notes due March 1, 1980	$ 7,284,000		$ 7,284,000
3.75% Sinking fund notes due March 1, 1977	6,875,000		6,875,000
4.75% Sinking fund debentures due June 1, 1985	36,385,000(1)		36,385,000
4.375% Sinking fund debentures due April 1, 1987	47,000,000(2)		47,000,000
5.60% Sinking fund debentures due June 15, 1991	60,000,000		60,000,000
4.25% Subordinated convertible debentures due April 15, 1992	88,259,100		88,259,100
5.25% Swiss franc bonds due 1978-1982	11,574,000		11,574,000
Real estate mortgage due 1969-1989	2,443,694(3)		2,443,694
Mortgage obligations and other long-term debt of foreign subsidiaries and branches	7,337,713		7,337,713
6% Subordinated convertible debentures due 1971		$ 1,425,000	1,425,000
5.25% and 6.50% First mortgage notes due 1969-1970		101,772	101,772
Ninety-day notes renewable to 1970, payable under revolving credit agreement		3,000,000	3,000,000
Total long-term debt	267,158,507	4,526,772	271,685,279
Stockholders' Equity:			
NCR Preferred stock ($5 Par) Authorized—2,000,000 shares, none issued			
ECI Preferred stock ($10 Par), 6% cumulative, convertible Authorized—200,000 shares Issued—19,796 shares		197,960(4)	
NCR Common stock ($5 Par) Authorized—14,000,000 shares(5) Issued—8,932,281 shares	44,661,405		46,886,205
ECI Common stock ($1 Par)(6) Authorized—2,000,000 shares Issued—872,166 shares (855,623 shares outstanding after deducting 16,543 shares held in treasury)		872,166	
Capital surplus	146,894,370	7,042,168	152,623,178
Retained earnings	203,626,128	6,109,689	209,735,817
	395,181,903	14,221,983	409,245,200
Less: Treasury stock at cost		158,686	
Total stockholders' equity	395,181,903	14,063,297	409,245,200
Total long-term debt and stockholders' equity	$662,340,410	$18,590,069	$680,930,479

(1) Does not include $415,000 principal amount purchased for retirement.
(2) Does not include $1,000,000 principal amount purchased for retirement.
(3) Does not include $240,056 reserve deposited with mortgage trustee.
(4) On May 20, 1968 all of the outstanding shares of preferred stock of ECI were called for redemption on July 31, 1968.
(5) Includes 125,491 shares reserved for issue upon exercise of outstanding stock options (including 17,714 shares for options for ECI common stock which are expected to become options for NCR Common Stock in connection with the exchange offer), 199,919 shares available for stock options which may be subsequently granted and 882,591 shares to accomodate conversions of the 4.25% Subordinated convertible debentures due April 15, 1992.
(6) No provision has been made for the 11,945 shares of ECI common stock reserved for issue upon conversion of its 6% subordinated convertible debentures due November 30, 1971.

NCR and its subsidiaries have obligations under leases on real property, principally for sales and service offices. During the twelve months ended December 31, 1967 NCR and its subsidiaries paid approximately $12,574,000 in rents under leases of varying duration. See "Foreign Business" under "History and Business of NCR" for information with respect to proposed issues of additional securities by NCR and a foreign subsidiary.

NCR AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF INCOME

The following statement, except for the earnings of the Japanese subsidiary reported on by other independent accountants, has been examined by Price Waterhouse & Co., independent accountants, whose opinion thereon appears elsewhere in this Prospectus. As explained in Note 1 to the financial statements, effective with the year 1967, the financial statements have been prepared on a fully consolidated basis. Previous years' results in this statement have been restated to reflect NCR's worldwide operations. The statement should be read in conjunction with the other financial statements and notes thereto included elsewhere in this Prospectus.

	(000 omitted) Year ended December 31,				
	1963	1964	1965	1966	1967
Income:					
Net sales	$473,916	$519,196	$560,394	$654,025	$698,932
Service income and equipment rentals	118,664	146,578	176,455	217,280	256,523
Other income	12,630	13,259	15,207	14,201	18,971
	605,210	679,033	752,056	885,506	974,426
Costs and expenses:					
Cost of products and services sold—(Note A)	323,315	362,825	395,707	473,217	537,055
Selling, general and administrative	222,956	250,744	286,152	332,273	346,132
Interest	8,387	8,864	10,043	13,241	18,835
Minority interest in net earnings of foreign subsidiaries	1,935	2,034	1,833	1,913	2,584
	556,593	624,467	693,735	820,644	904,606
Income before income taxes	48,617	54,566	58,321	64,862	69,820
Income taxes:					
United States	11,000	11,300	11,100	10,600	10,300
Foreign	15,200	17,100	17,800	22,000	24,200
	26,200	28,400	28,900	32,600	34,500
Net income for the year—(Note B)	$ 22,417	$ 26,166	$ 29,421	$ 32,262	$ 35,320
Per share of common stock—(Note C):					
Net income	$2.70	$3.13	$3.35	$3.67	$3.98
Cash dividends declared	1.14	1.14	1.16	1.20	1.20
Pro forma net income per share, based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options					3.74

NOTE A—Under NCR's system of accounting and due to the nature of NCR's business, a breakdown of cost of products and services sold applicable to net sales, service income and equipment rentals is not practicable.

NOTE B—See Note 1 to financial statements.

NOTE C—Based on average number of shares outstanding during each year, adjusted for 5% stock dividend in 1965.

* * * * *

The unaudited consolidated net sales, service income and equipment rentals; net income and net income per share were $483,444,625, $12,941,279, and $1.45, respectively, for the six months ended June 30, 1968, and $440,702,578, $12,558,353, and $1.41, respectively, for the six months ended June 30, 1967. The results for 1968 give effect to the recently enacted Federal income tax surcharge.

With the release of the Century Series Electronic Data Processing System in March 1968, NCR intends to defer expenses relating to the compensation of certain selling and installation personnel since such expenses relate to future income. In the first six months of 1968 payments for such expenses amounting to $1,039,000 after taxes have been deferred and will be charged to income over the initial term of the rental contracts which are firm non-cancellable contracts for either one, three or five years or at the time of installation in the case of a purchase contract.

In the opinion of NCR's management all adjustments, consisting only of normal recurring accruals, considered necessary for a fair presentation of the results of such six month periods have been included. Results of operations for the six months ended June 30, 1968 are not necessarily indicative of results to be expected for the full calendar year.

ECI STATEMENTS OF INCOME

The following statements of income of ECI for the five years ended September 30, 1967, have been examined by Arthur Andersen & Co., *independent public accountants, as set forth in their report included elsewhere herein.* The statements of income for the three-month periods ended December 31, 1966 and 1967, which were not examined by independent public accountants, reflect, in the opinion of ECI, all known adjustments (which include only normal recurring accruals) necessary to a fair presentation of the results of operations for such periods. These statements *should be read in conjunction with the financial statements and notes thereto included elsewhere herein.*

	Year ended September 30,					Three months ended December 31,	
	1963	1964	1965	1966	1967	1966 (Unaudited)	1967 (Unaudited)
Income:							
Net sales	$18,104,468	$26,818,136	$22,261,716	$37,080,154	$49,388,335	$13,074,796	$12,537,049
Other income, net	126,990	105,366	164,919	145,480	167,270	55,463	52,736
	18,231,458	26,923,502	22,426,635	37,225,634	49,555,605	13,130,259	12,589,785
Costs and expenses:							
Cost of sales	14,584,718	22,826,907	18,454,971	32,022,719	42,899,894	11,421,360	10,642,648
General and administrative expenses	2,597,172	2,786,241	2,660,885	2,954,509	3,965,497	1,112,257	993,663
Interest expense	233,788	361,235	344,770	440,534	499,062	132,081	104,951
Net loss of discontinued operations	22,005	61,730					
	17,437,683	26,036,113	21,460,626	35,417,762	47,364,453	12,665,698	11,741,262
Income before income taxes	793,775	887,389	966,009	1,807,872	2,191,152	464,561	848,523
Provision for Federal income taxes (Note 1)	380,000	410,000	465,000	750,000	965,000	200,000	390,000
Income before extraordinary items	413,775	477,389	501,009	1,057,872	1,226,152	264,561	458,523
Extraordinary items, net of applicable income taxes (Note 2)	(106,719)	60,000	927,000				
Net income (Note 2)	$ 307,056	$ 537,389	$ 1,428,009	$ 1,057,872	$ 1,226,152	$ 264,561	$ 458,523
Income before extraordinary items applicable to common stock	$ 390,986	$ 454,981	$ 479,471	$ 1,039,172	$ 1,208,859	$ 259,949	$ 455,368
Net income applicable to common stock	284,267	514,981	1,406,471	1,039,172	1,208,859	259,949	455,368
Per share of common stock:							
Based on average number of shares outstanding and adjusted for 10% common stock dividend in December, 1966—							
Income before extraordinary items	.47	.56	.62	1.29	1.47	.32	.55
Extraordinary items, net of applicable income taxes	(.13)	.07	1.19				
Net income	.34	.63	1.81	1.29	1.47	.32	.55
Pro forma net income based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options (Note 3)					1.39		.52
Cash dividends per share of common stock (adjusted for 10% common stock dividend in December, 1966)	.05	.18	.18	.18	.20	.05	.05

(notes appear on following page)

NOTES TO STATEMENTS OF INCOME OF ECI

(1) The investment tax credit has been applied as a reduction of the provision for Federal income taxes in the amounts of $13,300, $12,100, $9,300, $65,000, $25,500, $4,500 and $6,100 for the years 1963, 1964, 1965, 1966, 1967 and for the three-month periods ended December 31, 1966 and December 31, 1967, respectively.

(2) The statements of income reflect the following extraordinary items:

a. In 1963, a charge of $106,719 for the loss on sale of net assets and liquidation of a wholly-owned subsidiary (net of applicable income tax of $109,000);

b. In 1964, a credit of $60,000 for Federal income taxes that were eliminated by reason of the carry forward of a prior year's operating loss of a former subsidiary company;

c. In 1965, a net credit of $927,000 for:

(i) The elimination of deferred Federal income taxes of $920,000 resulting from the utilization of a former subsidiary's operating loss;

(ii) A charge of $58,000 for the loss on sale of investment in preferred stock (net of applicable income tax of $19,500);

(iii) A credit of $65,000 for Federal income taxes that were eliminated by reason of the carry forward of a prior year's operating loss of a former subsidiary company.

To comply with new reporting requirements effective for fiscal periods beginning after December 31, 1966, net income for 1963 and 1965 has been restated to include extraordinary items which were previously described and reported as special items after net income. In addition, credits resulting from the carry forward of prior years' operating losses which were previously netted against provisions for Federal income taxes in 1964 and 1965 have been restated as extraordinary items.

(3) The pro forma per share amounts were computed using the following assumptions:

a. The conversion of the outstanding 6% cumulative convertible preferred shares using the conversion ratio in effect at December 31, 1967, reflecting the shares issuable on conversion and eliminating the preferred dividend requirements;

b. The conversion of the outstanding subordinated convertible debentures using the conversion ratio in effect at December 31, 1967, reflecting the shares issuable on conversion and eliminating the interest requirements;

c. The exercise of all outstanding stock options, assuming no effect from funds received as such effect would not be material.

* * * * *

The unaudited net sales, net income and net income per share were $37,856,627, $1,475,616 and $1.73, respectively, for the nine months ended June 30, 1968, and $39,323,915, $802,364 and $.96, respectively, for the nine months ended June 30, 1967. The results for 1968 give effect to the recently enacted Federal income tax surcharge. In the opinion of ECI, all known adjustments (which include only normal recurring accruals) necessary for a fair presentation of the results of operations for the nine month periods ended June 30, 1968 and 1967, have been made.

The increase in net income for the three months ended December 31, 1967, in comparison with the three months ended December 31, 1966, and for the nine months ended June 30, 1968, in comparison with the nine months ended June 30, 1967, despite the decrease in net sales, resulted principally from improved profit margins.

The results of operations for the three month period ended December 31, 1967 and the nine month period ended June 30, 1968 are not necessarily indicative of the operating results for the entire fiscal year ending September 30, 1968.

PRO FORMA COMBINED STATEMENT OF INCOME

(Not covered by accountants' opinions)

The following pro forma combined statement of income presents, on a "pooling of interests" basis, the results of operations of NCR for the five years ended December 31, 1967 combined with those of ECI for the five years ended September 30, 1967, after giving effect to certain reclassifications for comparability. This statement should be read in conjunction with the other financial statements, including the notes thereto, of NCR and ECI appearing elsewhere in this Prospectus.

	Fiscal Years (000's omitted)				
	1963	1964	1965	1966	1967
Income:					
Net sales	$492,021	$546,014	$582,656	$691,105	$ 748,320
Service income and equipment rentals	118,664	146,578	176,455	217,280	256,523
Other income	12,735	13,302	15,372	14,346	19,138
	623,420	705,894	774,483	922,731	1,023,981
Costs and expenses:					
Cost of products and services sold	338,007	385,652	414,162	505,240	579,955
Selling, general and administrative	225,553	253,530	288,871	335,227	350,097
Interest	8,621	9,225	10,388	13,681	19,334
Minority interest in net earnings of foreign subsidiaries	1,935	2,034	1,833	1,913	2,584
	574,116	650,441	715,254	856,061	951,970
Income before income taxes	49,304	55,453	59,229	66,670	72,011
Income taxes:					
United States	11,380	11,650	10,580	11,350	11,265
Foreign	15,200	17,100	17,800	22,000	24,200
	26,580	28,750	28,380	33,350	35,465
Pro forma combined net income	$ 22,724	$ 26,703	$ 30,849	$ 33,320	$ 36,546
Pro forma combined net income per share of common stock (Note)	$2.60	$3.04	$3.36	$3.62	$3.93
Pro forma combined net income per share of common stock as above and based on the assumption of the conversion of all outstanding convertible securities and exercise of all outstanding stock options (including options for shares of ECI common stock which are to become options for shares of NCR Common Stock on the basis of one share of NCR Common Stock for each two shares of ECI common stock)					$3.70

NOTE: These figures are based on the average number of shares of NCR Common Stock outstanding during each year, adjusted for a 5% stock dividend in 1965 plus 444,033 shares of NCR Common Stock which would have been issued had the exchange been made on December 31, 1967 (assuming conversion of all of the ECI convertible preferred stock).

Preparation of the combined pro forma statement of income above and the pro forma combined balance sheet on the following pages has been based on the assumptions that all of the preferred stock of ECI will be converted to common stock prior to the exchange and that all of the common stock of ECI will be exchanged for Common Stock of NCR. Accordingly, accounting on a "pooling of interests" basis has been followed.

COMPARATIVE DATA PER SHARE OF COMMON STOCK

INCOME AND DIVIDENDS

	1963	1964	1965	1966	1967
NCR					
Before combination					
Net income	$2.70	$3.13	$3.35	$3.67	$3.98
Pro forma, based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options					3.74
Cash dividends	1.14	1.14	1.16	1.20	1.20
Pro forma after combination					
Net income	2.60	3.04	3.36	3.62	3.93
Based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options					3.70
ECI					
Before combination					
Income before extraordinary items	.47	.56	.62	1.29	1.47
Extraordinary items	(.13)	.07	1.19	—	—
Net income	.34	.63	1.81	1.29	1.47
Pro forma based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options					1.39
Cash dividends	.05	.18	.18	.18	.20
Pro forma after combination					
Net income (Note)	1.30	1.52	1.68	1.81	1.96
Based on assumption of conversion of all outstanding convertible securities and exercise of all outstanding stock options (Note)					1.85
Cash dividends (Note)	.57	.57	.58	.60	.60

BOOK VALUES

	December 31, 1967	
	Before Combination	After Combination
NCR		
Per share of common stock	$43.90	$43.27
Per share of common stock assuming conversion of all convertible securities and exercise of all outstanding stock options	49.20	48.49
ECI		
Per share of common stock (Note)	15.71	21.64
Per share of common stock assuming conversion of all convertible securities and exercise of all outstanding stock options (Note)	16.67	24.25

NOTE—Each share of NCR Common Stock will be issued in exchange for two shares of ECI common stock. The ECI per share net income, dividend and book value amounts after combination therefore are one-half of the pro forma NCR per share net income, dividend and book value amounts after combination.

NCR AND SUBSIDIARY COMPANIES AND ECI

CONDENSED PRO FORMA COMBINED BALANCE SHEET

(not covered by accountants' opinions)

The following pro forma combined balance sheet represents a combination on a "pooling of interests" basis of the condensed balance sheets of NCR and ECI at December 31, 1967. This statement should be read in conjunction with the financial statements, including the notes thereto, included elsewhere in this Prospectus.

	December 31, 1967 (000 omitted)			
ASSETS	NCR	ECI	Pro forma adjustments	Pro forma combined
Current assets:				
Cash	$ 26,254	$ 420		$ 26,674
Marketable securities, at cost (approximate market)	47,669			47,669
Accounts receivable	253,117	8,964		262,081
Inventories	334,784	8,856		343,640
Prepaid expenses	10,992	486		11,478
	672,816	18,726		691,542
Property, plant and equipment, less accumulated depreciation	330,773	6,278		337,051
Other assets	6,555	537		7,092
Total assets	$1,010,144	$25,541		$1,035,685

NCR AND SUBSIDIARY COMPANIES AND ECI

CONDENSED PRO FORMA COMBINED BALANCE SHEET

(not covered by accountants' opinions)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 1967 (000 omitted) NCR	ECI	Pro forma adjustments	Pro forma combined
Current liabilities:				
Notes payable and current installments on long-term debt	$ 87,980	$ 307		$ 88,287
Accounts payable and accrued expenses	112,529	3,677		116,206
Accrued income taxes	39,682	719		40,401
Dividends payable	2,674			2,674
Customers' deposits and service prepayments	70,807			70,807
	313,672	4,703		318,375
Long-term debt	268,085	7,247		275,332
Lease purchase obligation	1,800			1,800
International operations and employees' pension and indemnity reserves	24,421			24,421
Minority interests	10,597			10,597
Stockholders' equity:				
Preferred stock		210	(210) (a)	
Common stock	44,598	852	36 (a) 1,332 (b)	46,818
Capital surplus	146,113	7,027	16 (a) (1,332) (b)	151,824
Earnings retained for use in the business	200,858	5,660		206,518
Excess of cost over par—treasury stock		(158)	158 (a)	
Total liabilities and stockholders' equity	$1,010,144	$25,541		$1,035,685

Pro forma entries:

(a) Conversion of the 21,035 shares of ECI 6% cumulative convertible preferred stock for 36,444 shares of ECI common stock (including 18,399 shares in treasury) on basis of 1.7325 shares of common stock for each share of 6% cumulative convertible preferred stock.

(b) Issuance of 444,033 shares of NCR Common Stock in exchange for 888,066 shares of ECI common stock on the basis of one share of NCR Common Stock for each two shares of ECI common stock. See note on page 12.

HISTORY AND BUSINESS OF NCR

NCR was incorporated under the name of THE NATIONAL CASH REGISTER COMPANY under the laws of the State of Maryland on January 2, 1926, as successor to an Ohio corporation of the same name organized in 1884. NCR's executive offices and principal plant are located in Dayton, Ohio.

NCR and its subsidiaries are engaged in the design, production, distribution and servicing of business equipment and machines, including electronic data processing equipment, accounting machines, cash registers, adding machines and microform equipment, together with supplies and related accessories for use both with its machine products and for other uses.

The products of NCR are marketed and serviced in all states of the United States principally through its own sales and service organizations and to a very minor extent through distributors and dealers. Outside of the United States, NCR subsidiaries, branches and, in a few instances, agents distribute and service NCR's products in over 100 countries.

NCR and its subsidiaries employ approximately 84,000 people, of whom approximately 40,000 are outside of the United States.

The net sales, service income and equipment rentals of NCR and its subsidiaries were divided among the following categories during 1967:

Equipment	
Sales	55.4%
Rentals	9.2
Service and Maintenance	20.2
Supplies and Miscellaneous Products	15.2
	100.0%
Total outside the United States (included in the above)	44.9%

The terms of sale offered by NCR include outright sale, installment sales and non-full-payout rental agreements. Installment sales, entered into principally for the sale of cash registers and adding machines, provide for payment over varying periods of time up to a maximum of 36 months. NCR offers its electronic data processing equipment, accounting machines, certain of its adding machines and its line of microform equipment for rental, primarily on a "full service" basis, for initial periods of one to five years.

During the past five years, an increasing portion of NCR's revenue has resulted from equipment rentals and the sale of service, maintenance and supplies. The increase in equipment rentals (which is expected to continue) and service revenues is largely attributable to NCR's rapidly growing participation in the field of electronic data processing. The increase in supply sales is largely due to the growth in sales of carbonless copying paper ("NCR Paper") and the continuing development of a full line of business forms and supplies for use with NCR equipment.

NCR's accounting practice has been to capitalize the manufacturing cost of rental equipment and to depreciate the capitalized amounts over four to six years on the "sum-of-the-years-digits" method. All development, installation and marketing expenses related to such equipment are charged off as incurred. Rental payments are taken into income when received. Due to these accounting practices, the amounts charged as costs and expenses with respect to rental equipment are disproportionally higher in the early years than in the later years and, accordingly, the profit potential of rental contracts is deferred. During the past five years, all other categories of NCR's products and services have been consistently profitable. With the release of the Century Series Electronic Data Processing System, NCR intends to defer expenses relating to the compensation of certain selling and installation personnel since such expenses relate to future income. The deferred expenses will be charged to income over the initial term of the contracts.

Principal Products

For many years, NCR has been the world's largest manufacturer of cash registers and is one of the leading manufacturers of electro-mechanical and electronic accounting machines. Over the past five years, NCR has substantially expanded its design, manufacture and sale of a broad range of electronic data processing equipment, culminating in the recent release for sale of its Century Series Electronic Data Processing System. It also manufactures and sells a line of adding and bookkeeping machines and a wide variety of business forms and supplies primarily for use in business equipment. With this expanded product line together with increasing customer requirements in this area, a substantial part of NCR's marketing effort has been directed toward the sale or rental of fully integrated business systems, including electronic data processing systems, rather than toward the sale of individual machines designed to mechanize single applications. Such "total systems" utilize NCR "original entry" equipment, such as cash registers, accounting machines, and adding machines to record pertinent information in a form suitable for subsequent processing on NCR's (or other manufacturers') electronic data processing equipment.

In March, 1968, NCR released for sale its Century Series line of electronic data processing equipment which represented a further major step of NCR into the computer field. The Century Series offers not only a broad line of central processing and memory equipment, but also a broad range of peripheral equipment including discs, magnetic tape drives, punch card and paper tape readers and punches, optical journal scanners, magnetic encoded document reader-sorters, together with a wide range of control devices for data communication. NCR also continues to market its Class 315 and Class 315 RMC (Rod Memory Computer) as well as its Series 500 electronic data processing systems.

NCR offers a wide range of cash registers and sales registers for the control and recording of a wide variety of transactions primarily in the retail, wholesale and service industries. Increasing demands for more information together with changing methods of retailing (such as self-service and the growth of suburban shopping centers) have increased the demand for new types of cash registers, including those which can create machine or computer readable information. In 1967, NCR introduced the Class 5 cash register, a flexible line of registers, which includes features necessary for the conduct of trade and the capture of pertinent information for subsequent processing.

NCR continues to manufacture and market its well established line of lower priced mechanical and electro-mechanical accounting machines and during the past five years has also introduced a complete line of electronic accounting machines offering substantially increased capacity. During 1967, NCR introduced its Class 400 electronic accounting machine offering an expanded number of totals together with magnetic ledger capability and simplified programming through the use of interchangeable punched tape loops. NCR also manufactures and markets accounting machine equipment specifically designed for banking and other financial institutions such as "encoding" machines for the application of MICR (Magnetic Ink Character Recognition) information on documents for subsequent computer processing as part of a total system, "proof" machines, and both "on-line real-time" and "off-line" equipment for teller windows, all of which may be integrated into a total bank system.

In the adding machine field, NCR offers a complete line of full keyboard equipment and a limited line of 10-key machines. Many of the machines are sold or rented for control of a wide variety of original entry applications but with the ability to create machine readable input for subsequent computerized processing as part of a total integrated system.

NCR also provides software and other supporting services required to insure that the installed products efficiently perform those functions for which they were designed. Such services not only include the necessary machine instructions consisting of programs in a variety of computer languages, but also schools and other educational services, manuals and libraries of system procedures for many levels of customer personnel.

To supplement NCR's regular lines of equipment, NCR also markets certain products manufactured for it by others to NCR's specifications. In addition, NCR sells used business equipment of its own manufacture which is, in most instances, acquired upon trade-in from purchasers of new equipment from NCR.

Since 1961, NCR has established a number of Electronic Data Processing Centers and presently has 22 locations within the United States and an additional 47 centers internationally. These centers are equipped with one or more of NCR's electronic data processing systems to provide service for many types and sizes of businesses, primarily for those which require the information developed through a total system but which cannot efficiently utilize a full computer system. Included in the foregoing is a network of On-Line Data Processing Centers which provide immediate updating of records for savings banks and savings and loan associations through data processing equipment in the center which is connected by telephone lines directly to the teller machines in the customer's place of business.

A wide variety of supply items are designed, manufactured and sold by NCR for use in or with its machine products, including printed forms, paper rolls, ink ribbons, guest checks, ledger cards, files and trays, and a complete range of supplies for its electronic data processing systems such as magnetic tape and discs.

NCR has developed and markets a line of pressure sensitive coated papers which make duplicate copies without the use of carbon paper and are sold under the trademark "NCR Paper". This product was first introduced in 1954 and has steadily increased in volume of sales. Further developments in the field of capsular research have resulted in a variety of micro-encapsulated products.

During 1966, NCR entered a new field of microform systems, including the PCMI* systems which it developed and microfiche and microcard systems which were developed by The Microcard Corporation which NCR acquired in February, 1967. This field involves not only the manufacture and sale of viewer and photographic equipment, but also the conversion for customers of original documents to microform chips or transparencies.

Domestic Distribution and Service

NCR maintains its own distribution and technical service organizations consisting of approximately 19,400 employees in 472 offices located throughout the United States. NCR provides extensive training programs for its salesmen and technicians in product and technical service developments and in advanced marketing techniques. To better meet consumer demands for increasingly sophisticated systems NCR's marketing organization has been reorganized by type of market rather than by product line.

In the case of adding machines and one line of medium priced bookkeeping machines NCR supplements its direct distribution by sales through a nation-wide network of 855 dealers and four distributors.

NCR's branch offices and sub-offices in the United States operate complete facilities for the service and maintenance of its products. All of its technicians have been trained at NCR's regional technical schools. As new products or modifications of existing products are introduced NCR initiates instruction programs to enable its technicians to maintain and service the new equipment. It is the policy of NCR not to sell any product under circumstances where it is not in a position to render competent service. More than two-thirds of the service sales volume comes from service rendered under maintenance contracts for an annual fixed charge.

NCR believes that the quality of its distribution and service organization is a principal factor in the successful conduct of its business.

Foreign Business

The business of NCR outside the United States is done principally through subsidiaries and to a lesser extent through agents and branch offices of NCR, and is conducted in substantially the same manner as in the United States. Since World War II NCR has made substantial investments outside the United States, chiefly by reinvesting local earnings. A license agreement exists between NCR, its British selling subsidiary and Wiggins, Teape and Co. Ltd. (London) under which Wiggins, Teape may sell "NCR Paper" non-exclusively throughout the world except in the United States and may manufacture it exclusively in certain designated countries. NCR has licensed Mitsubishi Paper Mills, Ltd., and Jujo Paper Manufacturing Company, Ltd., Tokyo, to manufacture "NCR Paper" in Japan and to sell it non-exclusively in Japan and, through NCR, elsewhere in the world. Executive Order 11387 dated January 1, 1968, and the regulations issued by the Secretary of Commerce in connection therewith, limit foreign investments by United States companies and other United States persons, require the annual repatriation of a portion of foreign earnings from affiliated foreign nationals and place a limitation on the amount of short-term financial assets held abroad. The future effect of the Order and regulations on the overseas operations of NCR cannot be determined at this time.

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*Trademark.

The National Cash Register Company, Limited, one of NCR's United Kingdom subsidiaries, at the date of this Prospectus was negotiating with investment bankers in London for the sale of a proposed issue of long-term debt securities in the principal amount of approximately £12,000,000 (approximately $28,800,000) to be sold in Europe and which would be guaranteed by NCR and would provide for the issue of stock purchase warrants entitling the holders thereof to purchase over a period of years approximately 120,000 additional shares of NCR's Common Stock.

Employee Relations

Collective bargaining contracts with labor unions cover approximately 20,200 non-supervisory employees in the United States and Canada, approximately 17,000 of whom at the Dayton and Washington Court House, Ohio, plants are represented by the N.C.R. Employees' Independent Union. Pending the outcome of representation proceedings before the National Labor Relations Board, the three-year agreement with the Employees' Independent Union which expired on August 31, 1967, has been extended on an interim basis. Comprehensive employee benefit plans, including retirement pensions, disability benefits, hospital and medical reimbursements, group accident and life insurance benefits and a suggestion plan are in effect for employees in the United States. In addition NCR maintains in Dayton extensive recreational and educational programs for its employees and their families. NCR believes its employee relations are satisfactory.

Research and Development

NCR carries out an extensive program of research and development devoted to mechanical, electromechanical and electronic business equipment and, in recent years, considerable emphasis has been placed upon the development of electronic data processing equipment. As a result of this program NCR has continuously added new products and has extended the applications of existing products. Of significant importance is NCR's work in the fields of physical and chemical research.

The research and development program is carried on principally by a staff of approximately 1,750 persons at the Dayton Plant and by a staff of approximately 800 persons at the Electronics Division in Hawthorne, California. In addition there are small research and engineering facilities at Ithaca, New York, Cambridge, Ohio and at a number of locations overseas. Total expenditures for product development, engineering and research for the five years ended December 31, 1967 aggregated approximately $129,000,000, and it is expected that about $35,000,000 will be expended for these purposes in 1968.

Patents and Trade-Marks

NCR has numerous United States and foreign patents and patent applications relating to its several products and processes. These patents and applications, together with licenses under patents owned by others, are considered by NCR to be adequate for the conduct of its business. NCR does not consider that any single patent is of material importance in relation to the business as a whole. NCR does consider the trade-marks "National", "NCR" and the design NCR, and several other trade-marks as applied to its products to be assets of material importance, and it has registered and renewed such trade-marks in the United States and appropriate foreign countries.

PROPERTY OF NCR

The manufacturing plants of NCR and its subsidiaries occupy a total floor area of approximately 10,769,412 square feet, of which approximately 8,381,869 are owned and the balance held under lease, as follows:

Location	Owned	Leased	Total
Dayton, Ohio	4,356,902	340,508	4,697,410
Dundee, Scotland	145,554	1,077,890	1,223,444
Augsburg, Germany	632,041	48,345	680,386
Hawthorne, California	355,000	207,800	562,800
Berlin, Germany	541,174		541,174
Cambridge, Ohio	367,000		367,000
Ithaca, New York	329,718		329,718
Millsboro, Delaware	300,000		300,000
San Diego, California	....	292,000	292,000
Oiso, Japan	216,800		216,800
Toronto, Canada	154,000		154,000
Massy, France	136,200		136,200
Giessen, Germany	112,180		112,180
Sao Paulo, Brazil	92,300		92,300
Bulach, Switzerland	80,000		80,000
Puebla, Mexico	50,000		50,000
West Salem, Wisconsin	28,000		28,000
Buenos Aires, Argentina	26,000		26,000
Various supply manufacturing plants and paper slitting plants(1)(2)	459,000	421,000	880,000
Total Floor Area	8,381,869	2,387,543	10,769,412(3)

(1) Supply manufacturing plants and paper slitting plants are located at Arlington, Texas; Fullerton, California; Jacksonville, Florida; Washington Court House, Ohio; Toronto, Canada; Commerce, California; Morristown, Tennessee; and Mount Joy, Pennsylvania. An addition containing 15,000 square feet under construction at Arlington, Texas, is expected to be completed in 1968. An additional supply manufacturing plant containing approximately 50,000 square feet is under construction at Viroqua, Wisconsin, and is expected to be completed in 1968.

(2) Does not include 59 supply manufacturing plants and paper slitting plants, containing an aggregate of 392,703 square feet, in 37 countries overseas.

(3) A new manufacturing plant containing 29,000 square feet is under construction at Portage, Wisconsin, and is expected to be completed in 1968. An addition containing 12,000 square feet is under construction at San Diego, California, and is expected to be completed in 1968.

The above-mentioned plants and the equipment therein are in good operating condition and well maintained.

NCR also owns 13 sales and service offices and leases approximately 459 such offices and sub-offices in the United States. The Company and its subsidiaries own over 188 sales and service offices and lease over 866 such offices and sub-offices in various foreign countries. NCR and its subsidiaries also own or lease a variety of facilities pertinent to their operation, such as warehouses, garages, offices and recreational facilities.

Titles to real property have not been examined for the purposes of this Prospectus but NCR does not know of any material defects in title to any of its real property or that of its subsidiaries or of any material adverse claim of any right, title or interest therein, pending or contemplated. This statement is made without regard to certain minor encumbrances such as liens for current taxes, easements or restrictions which do not materially detract from the value of such real property or its use in NCR's or subsidiaries' business.

HISTORY AND BUSINESS OF ECI

ECI was incorporated in New York in 1927, under the name Air Associates, Incorporated and on October 1, 1940, merged into its then inactive wholly-owned subsidiary which had been incorporated in New Jersey on May 27 of that year. The name Electronic Communications, Inc. was adopted in April 1957.

ECI's principal business consists of the design, development and manufacture of electronic communications systems, subsystems and equipment, flight instruments and metal products. The end-use, directly or indirectly, of these products is primarily by the military forces of the United States and its allies and by the National Aeronautics and Space Administration (NASA). A substantial part of ECI's sales for the five years and nine months ended June 30, 1968 were made under government contracts subject to final price determination. It is the opinion of ECI's management that final price determinations will have no adverse effect on its financial statements. About 90% of ECI's sales for this period are also subject to renegotiation under the Renegotiation Act of 1951. Under this Act the government is permitted to renegotiate contracts to eliminate "excess profits." ECI has received clearances from the Renegotiation Board through the fiscal year ended September 30, 1967.

The fields in which ECI engages in business are highly competitive. While ECI does not know of any reliable statistics pertaining to its relative position in the electronics field, it believes that its share of the total business in this field is small. ECI competes with a large number of other electronics companies, many of which are considerably larger than ECI, and with electronics divisions of other large manufacturers.

Unfilled orders were estimated to be $60,000,000 at June 30, 1968 (of which approximately $14,000,000 are expected to be delivered during the remainder of the current fiscal year ending September 30, 1968) and $44,000,000 at June 30, 1967. Substantially all unfilled orders are for military and NASA end-use and are subject to customary government provisions permitting the government to terminate for its convenience, with provisions for reimbursement to ECI for costs incurred and profit in the event of such termination.

St. Petersburg Division

ECI's executive offices and principal manufacturing and engineering facilities are located in St. Petersburg, Florida. These facilities include engineering laboratories, environmentally controlled manufacturing "clean rooms", inspection and test facilities and areas for assembly, metal fabrication, electroplating, welding and graphic arts production.

At present the design, development and manufacturing activities of the St. Petersburg Division are directed principally to airborne, air-transportable, shipboard, ground and satellite communications systems and space instrumentation.

In the area of command and control communications, ECI is the prime contractor and systems integrator for the airborne UHF multiplexed communication system which has been employed since

1961 by the Str( )c Air Command for its Airborne Comm...) Post. This program is now in its third equipment generation.

In the area of tactical command and control, ECI is producing communication systems for the Marine Tactical Data System and shipboard radio sets for the Navy Tactical Data System.

Other communications programs include shipboard transceivers for the Navy, data link radios for naval aircraft, communication satellite ground terminals for the military, communication relay equipment, tactical multiplex equipment, telemetry equipment, special purpose transmitters and receivers for Minuteman launch sites, transmitters for NATO's NADGE program and a variety of research and development projects.

The St. Petersburg Division also is producing a variety of equipment for the nation's space program, including flight control computers for the Saturn/Apollo program.

ECI's customer requirements group consists of a headquarters staff located in St. Petersburg, Florida, and field personnel based in Huntsville, Alabama; Los Angeles, California; Boston, Massachusetts; Dayton, Ohio; and Washington, D.C. This group analyzes present and future military budgets and related present and future customer product requirements and maintains commercial relations with present and potential customers having requirements for ECI's capabilities and products.

Benson Manufacturing Division

The Benson Manufacturing Company was founded in 1907 and was incorporated in Missouri in 1928. ECI acquiring voting control of Benson in 1963. On November 23, 1965 Benson was merged into ECI and became the Benson Manufacturing Division.

Benson's principal business consists of the design, fabrication and sale of various products made from aluminum, stainless steel and other metals. The end-use, directly or indirectly, of these products is primarily by the military forces of the United States, NASA and the brewing industry. These products include heat transfer systems, fabricated metal components for application in aircraft, missile and space systems and aluminum and stainless steel beer barrels. All phases of Benson's business are highly competitive. While ECI does not know of any reliable statistics, it believes Benson's share of the total markets for heat transfer systems and fabricated metal components for aircraft, missile and space systems application is not significant.

ECI is presently offering for sale the business and assets of the Benson Manufacturing Division.

Standard Precision Division

ECI's Standard Precision Division in Wichita, Kansas was established in 1949. ECI acquired this division (then a separate corporation) in 1959. This division's activities consist principally of the production of instruments and electro-mechanical equipment for the aerospace and general aviation industries. The division also operates facilities for the overhaul of aircraft instruments, research and development and environmental testing. The facilities include an environmentally controlled "clean room" and areas for assembly, instruction and testing. Standard Precision also is equipped for production of specialized screw machine items and is presently manufacturing ordnance fuze equipment for the U. S. Army.

Employee Relations

ECI has about 2,750 employees, approximately 2,200 at St. Petersburg, 300 at Benson and 250 at Standard Precision. ECI has group life, sickness, accident, hospitalization and surgical benefits and retirement income plans for all its employees.